

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Registration Number: 199507354G)

FINANCIAL STATEMENTS

YEAR ENDED

31 MARCH 2018



ROHAN • MAH & PARTNERS LLP
Chartered Accountants, Singapore

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Directors

Pusapadi Ramasubramania Raja Venketrama Raja
Iyengar Vijaykumar Gopalan
Ravikula Chandran Ramamurthy

Secretaries

Kong Yuh Ling Doreen
Nur Iman Binte Rohan

Registered Office

8 Shenton Way
#21-07
AXA Tower
Singapore 068811

Auditors

Rohan • Mah & Partners LLP

Bankers

Australia and New Zealand Banking Group Limited
DBS Bank Ltd

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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Ramco Systems Pte. Ltd. ("the Company") for the financial year ended 31 March 2018.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, as the ultimate holding corporation has given written confirmation of its continuing financial support for the Company, 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:

Pusapadi Ramasubramania Raja Venketrama Raja
Iyengar Vijaykumar Gopalan
Ravikula Chandran Ramamurthy

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, 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:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the ultimate holding corporation				
- Ramco Systems Limited				
Pusapadi Ramasubramania Raja				
Venketrama Raja	3,217,441	3,353,366	11,902	11,902
Ravikula Chandran Ramamurthy	32,145	42,455	-	-

DIRECTORS' STATEMENT

4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES - cont'd

Share Options

- Ramco Systems Limited

Ravikula Chandran Ramamurthy

Date of Grant	Exercise period	Exercise Price (INR)	At beginning of year	Options exercised	At end of year
08.08.14	13 years	356	1,874	(1,874)	-
08.08.14	13 years	10	936	(936)	-
08.08.14	13 years	155	7,500	(7,500)	-

By virtue of Section 7 of the Companies Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

5 SHARE OPTIONS

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

No shares have been 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.

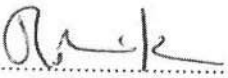
DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE BOARD OF DIRECTORS


.....
Pusapadi Ramasubramania Raja Venketrama Raja
Director


.....
Ravikula Chandran Ramamurthy
Director

Singapore,
21 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ramco Systems Pte. Ltd. ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 of the financial statements with respect to the Company's ability to continue as a going concern. The Company incurred a net loss during the year ended 31 March 2018 and, as of that date, the Company's current liabilities exceeded the current assets, and the accumulated losses exceeded the share capital, respectively as at 31 March 2018. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company'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 Company's ability to operate as a going concern as set forth in Note 2.2 to the financial statements. In the event that the Company 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 Company 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 MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Going Concern Basis of Accounting

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company'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 Company 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 Company'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 3].

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Report on Other Legal and Regulatory Requirements

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

Rohan. Mah & Partners LLP

ROHAN • MAH & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore
21 May 2018
(RK/MA/SR/FM/HL/ZY/AH)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 S\$	2017 S\$
ASSETS LESS LIABILITIES			
Non-Current Assets			
Plant and equipment	3	<u>128,706</u>	<u>196,388</u>
Current Assets			
Trade and other receivables	4	11,045,333	7,521,425
Cash and cash equivalents	6	<u>1,925,549</u>	<u>2,389,368</u>
		<u>12,970,882</u>	<u>9,910,793</u>
Current Liabilities			
Trade and other payables	7	13,452,553	15,243,878
Current tax liabilities		-	56,829
		<u>13,452,553</u>	<u>15,300,707</u>
Net Current Liabilities		<u>(481,671)</u>	<u>(5,389,914)</u>
Net Liabilities		<u>(352,965)</u>	<u>(5,193,526)</u>
Capital and reserve attributable to equity holders of the Company			
Share capital	8	23,470,000	11,175,000
Translation reserves		(13,518)	6,655
Accumulated losses		<u>(23,809,447)</u>	<u>(16,375,181)</u>
		<u>(352,965)</u>	<u>(5,193,526)</u>

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 S\$	2017 S\$
Continuing operations			
Revenue	9	9,007,064	6,199,732
Cost of sales	10	<u>(5,994,766)</u>	<u>(4,350,658)</u>
Gross profit		3,012,298	1,849,074
Other income	11	1,692,685	2,255,494
Administration expenses	12	(11,980,200)	(11,857,128)
Other operating expenses	14	<u>(128,229)</u>	<u>(139,571)</u>
Loss before taxation		(7,403,446)	(7,892,131)
Taxation	15	<u>(30,820)</u>	<u>(60,243)</u>
Loss from continuing operations		<u>(7,434,266)</u>	<u>(7,952,374)</u>
Loss for the year		<u>(7,434,266)</u>	<u>(7,952,374)</u>
Other comprehensive (loss)/income			
Currency translation differences		<u>(20,173)</u>	<u>6,655</u>
Other comprehensive (loss)/income, net of tax		<u>(20,173)</u>	<u>6,655</u>
Total comprehensive loss		<u>(7,454,439)</u>	<u>(7,945,719)</u>
Loss attributable to:			
Equity holders of the Company		<u>(7,434,266)</u>	<u>(7,952,374)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(7,454,439)</u>	<u>(7,945,719)</u>

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

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

	Share Capital S\$	Translation Reserve S\$	Accumulated Losses S\$	Total S\$
As at 1 April 2016	3,725,000	-	(8,422,807)	(4,697,807)
Issuance of share (Note 8)	7,450,000	-	-	7,450,000
Total comprehensive loss for the year	-	6,655	(7,952,374)	(7,945,719)
As at 31 March 2017	11,175,000	6,655	(16,375,181)	(5,193,526)
Issuance of share (Note 8)	12,295,000	-	-	12,295,000
Total comprehensive loss for the year	-	(20,173)	(7,434,266)	(7,454,439)
As at 31 March 2018	<u>23,470,000</u>	<u>(13,518)</u>	<u>(23,809,447)</u>	<u>(352,965)</u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 S\$	2017 S\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,403,446)	(7,892,131)
Adjustments for:		
Allowance for doubtful debts	541,576	62,232
Bad debts written off	-	1,065,182
Doubtful debts written back	-	(321,910)
Depreciation of plant and equipment	128,229	139,571
Operating loss before working capital changes	(6,733,641)	(6,947,056)
Trade and other receivables	(3,746,191)	(294,477)
Trade and other payables	(75,272)	485,077
Cash used in from operations	(10,555,104)	(6,756,456)
Withholding tax paid	(37,938)	-
Taxation paid	(49,711)	(3,414)
Net cash used in operating activities	<u>(10,642,753)</u>	<u>(6,759,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(60,547)	(41,339)
Amount due from holding company - non-trade	(29,098)	-
Amounts due from related corporation - non-trade	(290,195)	138,995
Net cash (used in)/generated from investing activities	<u>(379,840)</u>	<u>97,656</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	3,766,000	7,450,000
Loan from holding corporation	6,651,050	45,242
Loan from related corporation	143,566	152,054
Amount due to related corporation - non-trade	18,331	81,170
Net cash generated from financing activities	<u>10,578,947</u>	<u>7,728,466</u>
Net (decrease)/increase in cash and bank balances	(443,646)	1,066,252
Effects of foreign currency translation	(20,173)	6,655
Cash and bank balances at beginning of year	2,389,368	1,316,461
Cash and bank balances at end of year (Note 6)	<u>1,925,549</u>	<u>2,389,368</u>

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

Ramco Systems Pte. Ltd. ("the Company") is a limited liability company incorporated in Singapore with its registered office at 8 Shenton Way #21-07, AXA Tower, Singapore 068811 and the principal place of business at 79 Anson Road, #15-04/05, Singapore 079906. The Company has a branch in Hong Kong.

The Company is a wholly-owned subsidiary of Ramco Systems Limited, a company incorporated in India, which is also the Company's ultimate holding corporation. Related corporations in these financial statements refer to the members of the ultimate holding corporation's group of company.

The principal activities of the Company are to carry on the business pertaining to, or connected with, and involving information technology and software. There have been no significant changes in the nature of these activities during the financial year.

The Company has 1 branch operating in Hong Kong. The registered office of the Hong Kong Branch is 11/F Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong and its place of business is 7/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. Its principal activities is to engage in the business pertaining to, or connected with, and involving information technology and software.

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 21 May 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 Singapore Dollar (SGD or S\$) are prepared based on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying 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. There are no critical accounting estimates and assumption that are significant to the financial statements, and areas involving a higher degree of judgement or complexity except as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.1 Basis of Preparation - cont'd

In the current financial year, 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 periods beginning on or before 1 April 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to 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 Company does not plan to early adopt these standards.

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: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Amendments to FRS 102: Classification and Measurement of Share Based Payment Transactions	1 Jan 2018
Amendments to FRS 40: Transfers of investment property	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
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

2.2 Going Concern

The Company incurred a net loss during the year ended 31 March 2018 and, as of that date, the Company's current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability as a going concern. The ability of the Company to continue as a going concern depends on the ultimate holding company undertaking to provide continued financial support and not to recall amounts due to them until all creditors have been paid.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2 Going Concern - cont'd

The financial statements have been prepared on a going concern basis, as the ultimate holding company, has agreed to provide continuing financial support as deemed fit and necessary to the Company. If the financial support is not forthcoming and as a result, the Company 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 the statement of financial position. In addition, the Company 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 Plant and Equipment

2.3.1 Measurement

Plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2.3.2 Components of Costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.3.3 Depreciation

Depreciation on plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives of 3 years.

2.3.4 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 associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense during the financial year in which it is incurred.

2.3.5 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 statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4 Impairment of Non-Financial Assets

2.4.1 Plant and Equipment

Plant and equipment and deferred expenditure 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 the statement of comprehensive income unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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 the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.5 Financial Assets

2.5.1 Initial Recognition and Measurement

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5 Financial Assets - cont'd

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

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5 Financial Assets - cont'd

2.5.2 Subsequent Measurement - cont'd

(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 Company 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.

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.

2.5.3 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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Impairment of Financial Assets

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

2.6.1 Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, 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 Company 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Impairment of Financial Assets - cont'd

2.6.2 *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.

2.6.3 *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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Financial Liabilities

2.7.1 Initial Recognition and Measurement

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

2.7.2 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 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 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 amortisation process.

2.7.3 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 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 Company's cash management.

2.9 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

2.10 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:

2.10.1 License Fees

License fee revenue is recognised on delivery of the software.

2.10.2 Implementation Fees

Implementation contracts are either milestones based or time and material based.

In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.

In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

2.10.3 Services

Revenue from fixed price contracts is recognised on milestones achieved as per the terms of the specific contract.

2.10.4 Annual Maintenance Contract

Revenue from maintenance services is recognised on a pro-rata basis over the period of the contract.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.11 Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by 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 Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position 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 Company for similar financial instruments.

2.12 Foreign Currencies

2.12.1 Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional currency. The directors are of the opinion that the Singapore Dollar reflects the economic substance of the underlying events and circumstances relevant to the Company.

2.12.2 Foreign Currency Transactions

Foreign currency transactions during the year are translated into recording currencies at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Singapore Dollar at the exchange rates ruling at the statement of financial position date.

Exchange gains and losses are dealt with in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.13 Related Parties

A related party is defined as follows:

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

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

(b) ***An entity is related to the Company if any of the following conditions applies:***

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or 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.

2.14 Provisions

Provisions are recognised when 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 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 the statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.14 Provisions - cont'd

Provisions are reviewed at each statement of financial position 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.

2.15 Leases

2.15.1 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 the statement of comprehensive income 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.

2.15.2 Finance Leases

Leases of assets in which the Company 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 the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.16 Employee Benefits

2.16.1 Defined Contribution Pension Costs

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.17 Employee Benefits

2.17.1 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.

2.18 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 statement of financial position 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 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 statement of financial position date; and
- (ii) the tax consequence that would follow from the manner in which the Company expects, at the statement of financial position 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 the statement of comprehensive income for the year.

2.19 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.19 Government Grants - cont'd

Where the grant relates to an asset, the fair value is recognised 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 statement of financial position 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.

3 PLANT AND EQUIPMENT

	Capital Work-in- Progress	Office Equipment S\$	Computer S\$	Total S\$
2018				
Cost				
At beginning of year	-	369,624	102,942	472,566
Additions	29,629	3,800	27,118	60,547
At end of year	<u>29,629</u>	<u>373,424</u>	<u>130,060</u>	<u>533,113</u>
Accumulated Depreciation				
At beginning of year	-	212,767	63,411	276,178
Depreciation	-	97,756	30,473	128,229
At end of year	<u>-</u>	<u>310,523</u>	<u>93,884</u>	<u>404,407</u>
Carrying Amount				
At end of year	<u>29,629</u>	<u>62,901</u>	<u>36,176</u>	<u>128,706</u>
2017				
Cost				
At beginning of year	-	349,778	81,449	431,227
Additions	-	19,846	21,493	41,339
At end of year	<u>-</u>	<u>369,624</u>	<u>102,942</u>	<u>472,566</u>
Accumulated Depreciation				
At beginning of year	-	100,187	36,420	136,607
Depreciation	-	112,580	26,991	139,571
At end of year	<u>-</u>	<u>212,767</u>	<u>63,411</u>	<u>276,178</u>
Carrying Amount				
At end of year	<u>-</u>	<u>156,857</u>	<u>39,531</u>	<u>196,388</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

4 TRADE AND OTHER RECEIVABLES

	2018 S\$	2017 S\$
Trade receivables	2,028,630	960,157
Less: Allowance for doubtful debt		
At beginning of year	6,887	321,910
Allowance during the year	8,268	6,887
Written off during the year	-	(321,910)
At end of year	15,155	6,887
	<u>2,013,475</u>	<u>953,270</u>
GST receivable	13,446	11,484
Prepaid license fee to holding company	1,255,405	-
Unbilled revenue	6,642,090	5,560,993
Less: Allowance for doubtful debt		
At beginning of year	55,345	-
Allowance during the year	533,308	55,345
At end of year	(588,653)	(55,345)
	<u>9,335,763</u>	<u>6,470,402</u>
Other receivables and deposits (Note 5)	1,709,570	1,051,023
	<u>11,045,333</u>	<u>7,521,425</u>

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

The maximum exposure of credit risk for trade receivables at the reporting date is S\$2,013,475 (2017: S\$953,270).

The aging of trade receivables at the reporting date is:

	Gross 2018 S\$	Impairment losses 2018 S\$	Gross 2017 S\$	Impairment losses 2017 S\$
Current	811,499	-	454,573	-
Past due 1 - 30 days	195,488	-	329,003	-
Past due 31 - 90 days	507,764	-	158,310	-
More than 90 days	513,879	15,155	18,271	6,887
	<u>2,028,630</u>	<u>15,155</u>	<u>960,157</u>	<u>6,887</u>

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due and past due up to more than 90 days. These receivables are mainly arising from corporations that have a good record with the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

4 TRADE AND OTHER RECEIVABLES - cont'd

The carrying amounts of trade and other receivables approximate their fair value and are denominated in the following currencies:

	2018 S\$	2017 S\$
Chinese Yuan	69,289	-
Euro	8,933	-
Indonesian Rupiah	1,243,654	-
Hong Kong Dollar	31,148	9,706
Singapore Dollar	2,953,694	2,050,732
United States Dollar	6,738,615	5,460,987
	<u>11,045,333</u>	<u>7,521,425</u>

5 OTHER RECEIVABLES AND DEPOSITS

	2018 S\$	2017 S\$
Amount due from holding company - non-trade	29,098	-
Amount due from related corporations - non-trade	354,994	64,799
Advances to staffs*	341,500	302,500
Deposits	147,645	75,943
Prepayments	129,466	35,347
Other receivables^	684,718	564,940
Tax advances	22,149	-
Unbilled interest	-	7,494
	<u>1,709,570</u>	<u>1,051,023</u>

* These are advanced salaries given to staffs upon request. The amounts are deducted from the staffs' salaries in monthly instalments. They are non-interest bearing and unsecured.

^ These are grant receivables from the Economic Development Board for the expenses incurred with respect to the project on the development of Ramco Systems - Establishment of Ramco Aviation Design & Analytics Research ("RADAAR") Centre (Note 11).

Amount due from holding company - non-trade and amount due from related corporations - non-trade are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

6 CASH AND CASH EQUIVALENTS

	2018 S\$	2017 S\$
Cash in hand	574	33
Cash at bank	1,924,975	2,389,335
Cash and bank balances	<u>1,925,549</u>	<u>2,389,368</u>

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:

	2018 S\$	2017 S\$
Singapore Dollar	1,916,080	2,309,176
United States Dollar	9,469	80,192
	<u>1,925,549</u>	<u>2,389,368</u>

7 TRADE AND OTHER PAYABLES

	2018 S\$	2017 S\$
Amount due to holding corporation - trade	3,506,518	3,840,955
Deferred income	1,203,111	327,463
Accrued operating expenses	1,623,119	1,665,915
Advances from customer **	1,901,208	2,296,985
Amount due to related corporation - non-trade	99,501	81,170
Deferred interest	97,129	210,504
GST payable	28,916	30,535
Loan from holding corporation	1,010,000	2,887,950
Loans from related corporations	3,725,103	3,581,537
Other creditors	257,948	320,864
	<u>13,452,553</u>	<u>15,243,878</u>

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

Loans from holding corporation is unsecured, bore interest at a rate of 12.5% (2017: 12.5%) per annum and is repayable on demand.

Loans from related corporations are unsecured, bore interest at a rate of 5% (2017: 5%) per annum and is repayable on demand.

Amount due to related corporation - non-trade are unsecured, interest-free and repayable on demand.

** This pertains to advances received for payroll services.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

7 TRADE AND OTHER PAYABLES - cont'd

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2018 S\$	2017 S\$
Hong Kong Dollar	102,843	312,559
Indonesian Rupiah	334,905	-
Philippines Peso	19,549	-
Singapore Dollar	9,237,117	11,257,689
Swiss Franc	1,410,589	1,605,968
United States Dollar	2,347,550	2,067,662
	<u>13,452,553</u>	<u>15,243,878</u>

8 SHARE CAPITAL

	2018		2017	
	No. of shares	S\$	No. of shares	S\$
Ordinary shares issued and fully paid:				
At beginning of year	11,175,000	11,175,000	3,725,000	3,725,000
Issuance of share [^]	<u>12,295,000</u>	<u>12,295,000</u>	<u>7,450,000</u>	<u>7,450,000</u>
At end of year	<u>23,470,000</u>	<u>23,470,000</u>	<u>11,175,000</u>	<u>11,175,000</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.

[^] During the year, S\$8,529,000 was converted to shares from loan from holding company.

9 REVENUE

	2018 S\$	2017 S\$
Annual maintenance contract	1,440,913	1,070,205
Business process outsourcing	640,194	588,670
Cloud services	292,632	150,688
Implementation service fee	2,332,261	2,644,862
License fees	3,146,320	873,691
Services change request	1,154,744	871,616
	<u>9,007,064</u>	<u>6,199,732</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

10 COST OF SALES

	2018 S\$	2017 S\$
Royalties	2,211,713	769,648
Staff costs (Note 13)	2,442,774	2,213,470
Transfer pricing	1,340,279	1,367,540
	<u>5,994,766</u>	<u>4,350,658</u>

11 OTHER INCOME

	2018 S\$	2017 S\$
Doubtful debt written back	-	321,910
Government grant [^]	957,751	881,527
Interest income	109,784	131,580
Other services income	625,150	920,477
	<u>1,692,685</u>	<u>2,255,494</u>

[^] In the current year, the government grant include grant receivables from the Economic Development Board amounting to S\$684,718 (2017: S\$868,592) (Note 5).

12 ADMINISTRATION EXPENSES

Administration expenses include:

	2018 S\$	2017 S\$
Bad debt written off	-	1,065,182
Doubtful debt	541,576	62,232
Foreign exchange loss	399,103	16,414
Interest on loan	892,032	782,356
Intellectual property usage fee	3,012,972	3,012,972
Travelling expenses	818,969	840,323
Selling expense	298,661	368,174
Staff benefits	113,629	242,117
Staff costs (Note 13)	<u>3,644,352</u>	<u>3,183,706</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

13 STAFF COSTS

	2018 S\$	2017 S\$
Salaries and related costs	5,794,947	5,133,146
Defined contribution pension costs	<u>292,179</u>	<u>264,030</u>
	6,087,126	5,397,176
Less:		
Included in cost of sales (Note 10)	<u>(2,442,774)</u>	<u>(2,213,470)</u>
Included in administration expenses (Note 12)	<u>3,644,352</u>	<u>3,183,706</u>

14 OTHER OPERATING EXPENSES

	2018 S\$	2017 S\$
Depreciation	<u>128,229</u>	<u>139,571</u>

15 TAXATION

Major components of income tax expense are as follows:

	2018 S\$	2017 S\$
Current year taxation	-	31,932
(Over)/Under provision of prior year tax	(7,118)	24,897
Foreign tax	<u>37,938</u>	<u>3,414</u>
	<u>30,820</u>	<u>60,243</u>

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

	2018 S\$	2017 S\$
Loss before taxation	<u>(7,403,446)</u>	<u>(7,892,131)</u>
Tax expense on loss before taxation at 17%	(1,258,586)	(1,341,662)
Adjustments:		
Effect of foreign tax rates	119	21,690
Foreign withholding tax	37,938	3,959
Non-deductible expenses	21,799	23,727
(Over)/Under provision of prior year tax	(7,118)	24,897
Utilisation of capital allowance	-	(27,854)
Unutilised tax losses	<u>1,236,668</u>	<u>1,355,486</u>
Tax expense	<u>30,820</u>	<u>60,243</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

15 TAXATION - cont'd

Unrecognised deferred tax assets:

Deferred tax assets in respect of the following items have not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established:

	2018 S\$	2017 S\$
Differences in tax written down value and net book value of plant and equipment	47,604	30,842
Unutilised tax losses	<u>3,706,857</u>	<u>2,474,122</u>
	<u>3,754,461</u>	<u>2,504,964</u>

The Company's unutilised tax losses are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act, Chapter 134.

16 OPERATING LEASE COMMITMENTS

Operating lease commitment - as lessee

Rental expenses (principally for office and residential guest house rentals) for the year ended 31 March 2018 were S\$402,229 (2017: S\$368,627). Future minimum rentals under non-cancellable leases are as follows as of 31 March 2018:

	2018 S\$	2017 S\$
Payable:		
Within 1 year	488,349	313,664
Within 2 to 5 years	<u>638,816</u>	<u>175,180</u>
	<u>1,127,165</u>	<u>488,844</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

17 SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	2018	2017
	S\$	S\$
Holding Corporation		
Royalty fees	2,211,713	769,648
Hosting expense	362,228	280,436
Intellectual property usage fee	3,012,972	3,012,972
Overseas manpower cost	190,556	95,837
Prepaid usage fees	1,255,405	-
Travelling expenses	347,061	408,382
Manpower and travel	(29,098)	-
Marketing expenses	393	1,036
Interest on loan	723,087	624,333
Transfer pricing	<u>1,340,279</u>	<u>1,367,540</u>
Related Corporation		
Interest on loan	168,945	158,023
Manpower and travel	<u>(505,566)</u>	<u>(493,816)</u>

Key management personnel compensation for the financial year is as follows:

	2018	2017
	S\$	S\$
Other Key Management		
Remuneration	<u>1,469,817</u>	<u>1,677,295</u>

Other key management personnel are senior personnel reporting directly to the directors.

Other key management personnel have stock option in the ultimate holding corporation.

Balances with related parties at the balance sheet date are set out in Note 4, 5 and 7.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 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:

	2018 S\$	2017 S\$
Financial Assets		
Loans and receivables:		
Trade and other receivables	9,283,367	7,172,094
Cash and cash equivalents	1,925,549	2,389,368
	<u>11,208,916</u>	<u>9,561,462</u>
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	<u>10,222,189</u>	<u>12,378,391</u>

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit, foreign currency, 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 Company. 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 Company maximum exposure to credit risk.

At the statement of financial position date, the Company's trade receivables were due from customers in the following industries:

	2018 S\$	2017 S\$
Trade receivables		
Aviation and manufacturing industry	694,863	720,123
Human resource services	388,292	127,943
Logistics and others	945,475	112,091
	<u>2,028,630</u>	<u>960,157</u>

Information regarding financial assets that is past due is disclosed in Note 4 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

Foreign Currency Risk

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

The Company's exposure to foreign currencies is as follows:

	CHF S\$	CNY S\$	EUR S\$	HKD S\$	IDR S\$	PHP S\$	USD S\$
2018							
Trade and other receivables	-	69,289	8,933	31,148	1,243,654	-	6,738,615
Cash and cash equivalent	-	-	-	-	-	-	9,469
Trade and other payables	(1,410,589)	-	-	(102,843)	(334,905)	(19,549)	(2,347,550)
	<u>(1,410,589)</u>	<u>69,289</u>	<u>8,933</u>	<u>(71,695)</u>	<u>908,749</u>	<u>(19,549)</u>	<u>4,400,534</u>
2017							
Trade and other receivables	-	-	-	9,706	-	-	5,460,987
Cash and cash equivalent	-	-	-	-	-	-	80,192
Trade and other payables	(1,605,968)	-	-	(312,559)	-	-	(2,067,662)
	<u>(1,605,968)</u>	<u>-</u>	<u>-</u>	<u>(302,853)</u>	<u>-</u>	<u>-</u>	<u>3,473,517</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

Foreign Currency Risk - cont'd

Sensitivity analysis

A 5% strengthening of Singapore 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.

	Statement of Comprehensive Income S\$
2018	
Chinese Yuan	(3,464)
Euro	(447)
Hong Kong Dollar	3,585
Indonesian Rupiah	(45,437)
Philippine Peso	977
Swiss Franc	70,529
United States Dollar	(220,027)
	<u>(194,284)</u>
2017	
Hong Kong Dollar	15,143
Swiss Franc	80,298
United States Dollar	(173,676)
	<u>(78,235)</u>

A 5% weakening of Singapore 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 or future cash flows of a financial instrument will fluctuate because of changes in 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

Interest Rate Risk - cont'd

The tables below set out the Company's exposure to interest rate risks. Included in the tables are the assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable Rates		Fixed Rates		Total S\$
	Less than 1 year S\$	Less than 1 year S\$	2 to 5 years S\$	Over 5 years S\$	
2018					
Liabilities					
Loan from holding company	-	(1,010,000)	-	-	(1,010,000)
Loan from related corporations	-	(3,725,103)	-	-	(3,725,103)
Total	-	(4,735,103)	-	-	(4,735,103)
2017					
Liabilities					
Loan from holding company	-	(2,887,950)	-	-	(2,887,950)
Loan from related corporations	-	(3,581,537)	-	-	(3,581,537)
Total	-	(6,469,487)	-	-	(6,469,487)

Sensitivity analysis

An increase in 100 basis point ("bp") (1%) in interest rate 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 foreign currency rate, remain constant.

	Statement of Comprehensive Income S\$
2018	
Loan from holding corporation	(10,100)
Loan from related corporations	(37,251)
	<u>(47,351)</u>
2017	
Loan from holding corporation	(28,880)
Loan from related corporations	(35,815)
	<u>(64,695)</u>

A decrease in 100 bp (1%) would have had the equal but opposite effect as shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

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.

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

	Within 1 year S\$	Within 2 to 5 years S\$	More than 5 years S\$	Total S\$
2018				
Financial Assets				
Trade and other receivables	9,283,367	-	-	9,283,367
Cash and cash equivalents	1,925,549	-	-	1,925,549
Total undiscounted financial assets	<u>11,208,916</u>	<u>-</u>	<u>-</u>	<u>11,208,916</u>
Financial Liabilities				
Trade and other payables	10,222,189	-	-	10,222,189
Total undiscounted financial liabilities	<u>10,222,189</u>	<u>-</u>	<u>-</u>	<u>10,222,189</u>
Total net undiscounted financial liabilities	<u>986,727</u>	<u>-</u>	<u>-</u>	<u>986,727</u>
2017				
Financial Assets				
Trade and other receivables	7,172,094	-	-	7,172,094
Cash and cash equivalents	2,389,368	-	-	2,389,368
Total undiscounted financial assets	<u>9,561,462</u>	<u>-</u>	<u>-</u>	<u>9,561,462</u>
Financial Liabilities				
Trade and other payables	12,378,391	-	-	12,378,391
Total undiscounted financial liabilities	<u>12,378,391</u>	<u>-</u>	<u>-</u>	<u>12,378,391</u>
Total net undiscounted financial liabilities	<u>(2,816,929)</u>	<u>-</u>	<u>-</u>	<u>(2,816,929)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

18 FINANCIAL INSTRUMENTS - cont'd

Fair Value of Financial Instruments

As at the end of the financial year, the Company has no financial assets or financial liabilities that are carried at fair value measurements.

The carrying amounts of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values due to their short term nature.

19 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgement 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 Company makes 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.

Estimated Useful Life for Plant and Equipment

Estimated useful life for plant and equipment is based on the Company's assessment of the expected usage of the asset and expect wear and tear of the asset. The depreciation is charged against the fixed assets to show utilisation of the assets. The estimation of depreciation and useful life requires use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of plant and equipment and depreciation expenses in the period in which such estimates has been changed.

Depreciation of Plant and Equipment

Plant, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant, property and equipment to be 3 years. The carrying amount of the Company's plant, property and equipment as at 31 March 2018 is S\$128,706 (2017: S\$196,388). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised.

Allowance for 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 judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimates has been changed.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018

19 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT - cont'd

Tax on Other Jurisdictions

The Company has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Company 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 Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax 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

20 CAPITAL MANAGEMENT

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

The Company manages 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 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 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.

	2018 S\$	2017 S\$
Net debts	11,527,004	12,854,510
Total equity	(352,965)	(5,193,526)
Total capital	<u>11,174,039</u>	<u>7,660,984</u>
Gearing ratio	<u>1.03</u>	<u>1.68</u>

The Company does not have any externally imposed capital requirements for the financial year ended 31 March 2018 and 31 March 2017.

21 COMMITMENT

The Company had commitments of S\$141,785 (2017: NIL) relating to the renovation work of an extended office space. During the year, the Company incurred a cost of S\$29,629 (Note 3) relating to the renovation work.

22 COMPARATIVE FIGURES

Certain comparative figures have been reclassified so as to conform to the current financial year presentation.

