

RAMCO SYSTEMS PTE. LTD.

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

**FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2016**



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

Secretary

Kong Yuh Ling Doreen

Registered Office

78 Shenton Way #26-02A
Singapore 079120

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 2016.

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 2016 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 company 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 of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Charter 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 holding corporation				
- Ramco Systems Limited				
Pusapadi Ramasubramania Raja Venketrama Raja	3,217,441	3,217,441	11,902	11,902
Ravikula Chandran Ramamurthy	17,455	17,455	-	-

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 (S\$)	At beginning of year	Options granted/ (exercised)	At end of year
08.08.14	10 years	356	-	6,250	6,250
08.08.14	10 years	10	-	6,250	6,250
08.08.14	10 years	155	-	12,500	12,500

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 corporation 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

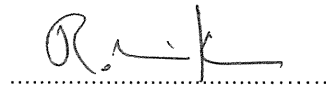
6 AUDITORS

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,
18 May 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of Ramco Systems Pte. Ltd. ("the Company"), which comprise the statement of financial position of the Company as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

RAMCO SYSTEMS PTE. LTD.

(Incorporated in the Republic of Singapore)

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.2 to 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 2016 and, as of that date, the Company's net current liabilities exceeded the current assets, and the accumulated losses exceeded the share capital, respectively as at 31 March 2016. 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.

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
18 May 2016
(RK/MA./FM/HL/ZY/as)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 S\$	2015 S\$
ASSETS LESS LIABILITIES			
Non-Current Assets			
Plant and equipment	3	<u>294,620</u>	<u>159,093</u>
Current Assets			
Trade and other receivables	4	8,171,447	3,314,474
Cash and cash equivalents	6	<u>1,316,461</u>	<u>91,406</u>
		<u>9,487,908</u>	<u>3,405,880</u>
Current Liabilities			
Trade and other payables	7	<u>13,939,193</u>	<u>8,332,877</u>
Net Current Liabilities		<u>(4,451,285)</u>	<u>(4,926,997)</u>
Net Liabilities		<u>(4,156,665)</u>	<u>(4,767,904)</u>
Capital and Reserves Attributable to Equity Holders of the Company			
Share capital	8	3,725,000	725,000
Accumulated losses		<u>(7,881,665)</u>	<u>(5,492,904)</u>
		<u>(4,156,665)</u>	<u>(4,767,904)</u>

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 S\$	2015 S\$
Continuing operations			
Revenue	9	10,788,017	6,843,479
Cost of sales		<u>(7,607,502)</u>	<u>(4,260,063)</u>
Gross Profit		3,180,515	2,583,416
Other income	10	64,717	18,749
Administration expenses	11	(5,538,692)	(4,108,881)
Other operating expenses	13	<u>(84,986)</u>	<u>(36,274)</u>
Loss before taxation		(2,378,446)	(1,542,990)
Taxation	14	<u>(10,315)</u>	<u>(9,904)</u>
Loss from continuing operations		<u>(2,388,761)</u>	<u>(1,552,894)</u>
Loss for the year		<u>(2,388,761)</u>	<u>(1,552,894)</u>
Total comprehensive loss		<u>(2,388,761)</u>	<u>(1,552,894)</u>
Loss attributable to:			
Equity holders of the Company		<u>(2,388,761)</u>	<u>(1,552,894)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		<u>(2,388,761)</u>	<u>(1,552,894)</u>

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital S\$	Accumulated Losses S\$	Total S\$
As at 1 April 2014	725,000	(3,940,010)	(3,215,010)
Total comprehensive loss for the year	<u>-</u>	<u>(1,552,894)</u>	<u>(1,552,894)</u>
As at 31 March 2015	725,000	(5,492,904)	(4,767,904)
Issuance of share	3,000,000	-	3,000,000
Total comprehensive loss for the year	<u>-</u>	<u>(2,388,761)</u>	<u>(2,388,761)</u>
As at 31 March 2016	<u><u>3,725,000</u></u>	<u><u>(7,881,665)</u></u>	<u><u>(4,156,665)</u></u>

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016 S\$	2015 S\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,378,446)	(1,542,990)
Adjustments for:		
Allowance for doubtful debts	321,910	-
Bad debts written off	187,490	-
Depreciation of plant and equipment	84,986	36,274
Operating loss before working capital changes	(1,784,060)	(1,506,716)
Trade and other receivables	(5,162,579)	(2,501,273)
Trade and other payables	4,312,454	667,691
Cash used in from operations	(2,634,185)	(3,340,298)
Taxation paid	(10,315)	(9,904)
Net cash used in operating activities	(2,644,500)	(3,350,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(220,513)	(172,314)
Amounts due from related parties - non-trade	(203,794)	-
Net cash used in investing activities	(424,307)	(172,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	3,000,000	-
Loan from holding corporation	1,591,088	870,270
Loan from related corporation	(297,226)	2,647,942
Net cash generated from financing activities	4,293,862	3,518,212
Net increase/(decrease) in cash and bank balances	1,225,055	(4,304)
Cash and bank balances at beginning of year	91,406	95,710
Cash and bank balances at end of year (Note 6)	1,316,461	91,406

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

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 78 Shenton Way #26-02A, Singapore 079120 and the principal place of business at 79 Anson Road, #15-04/05, Singapore 079906.

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 financial statements of the Company for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 18 May 2016.

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 financial statements have been prepared on a going concern basis on the assumption that continuing financial support would be provided by the ultimate holding corporation.

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 18.

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 after 1 April 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

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

The Company incurred a net loss of S\$2,388,761. Its net current liabilities exceeded the current assets, and the accumulated losses exceeded the share capital, by S\$4,451,285 and S\$4,156,665 respectively as at 31 March 2016. 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 financial statements have been prepared on the basis that the Company is a going concern as the related party has given written confirmation of its continuing financial support for the Company.

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

- (i) the continuing financial support from the ultimate holding company 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.

Management has taken the following measures to improve and Company's operational performance and financial position:

- (i) Source for new customers and held discussions with the Company's stakeholders to seek higher sales volume and negotiate for better prices. Management believes that the selling prices for the Company's products and services are gradually improving; and
- (ii) Continuously seeking improvements in the efficiency of the Company's products and services through areas such as technological enhancements and system re-engineering in order to further reduce the costs of production of goods and services.

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 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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4 Impairment Of Non-Financial Assets - cont'd

2.4.1 *Plant And Equipment* - cont'd

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.5 Financial Assets - cont'd****2.5.2 Subsequent Measurement - cont'd****(i) Financial assets at fair value through profit or loss - cont'd**

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.5 Financial Assets - cont'd****2.5.2 Subsequent Measurement - cont'd****(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 2016

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 2016

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 2016

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 2016

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

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

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 2016

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 2016

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).

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 2016

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

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

2.16.2 Employee Leave Entitlement

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.17 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.

2.18 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

3 PLANT AND EQUIPMENT

2016	Office Equipment S\$	Computer S\$	Lease Line Equipment S\$	Total S\$
Cost				
At beginning of year	170,227	40,487	-	210,714
Additions	179,551	40,962	-	220,513
At end of year	<u>349,778</u>	<u>81,449</u>	<u>-</u>	<u>431,227</u>
Accumulated Depreciation				
At beginning of year	33,399	18,222	-	51,621
Depreciation	66,788	18,198	-	84,986
At end of year	<u>100,187</u>	<u>36,420</u>	<u>-</u>	<u>136,607</u>
Carrying Amount				
At end of year	<u>249,591</u>	<u>45,029</u>	<u>-</u>	<u>294,620</u>
2015				
Cost				
At beginning of year	208,009	194,846	42,960	445,815
Additions	152,266	20,048	-	172,314
Disposal	(190,048)	(174,407)	(42,960)	(407,415)
At end of year	<u>170,227</u>	<u>40,487</u>	<u>-</u>	<u>210,714</u>
Accumulated Depreciation				
At beginning of year	196,681	183,121	42,960	422,762
Depreciation	26,766	9,508	-	36,274
Disposal	(190,048)	(174,407)	(42,960)	(407,415)
At end of year	<u>33,399</u>	<u>18,222</u>	<u>-</u>	<u>51,621</u>
Carrying Amount				
At end of year	<u>136,828</u>	<u>22,265</u>	<u>-</u>	<u>159,093</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

4 TRADE AND OTHER RECEIVABLES

	2016	2015
	S\$	S\$
Trade receivables	1,206,794	1,119,576
Less: Allowance for doubtful debt		
At beginning of year	-	-
Allowance during the year	321,910	-
At end of year	(321,910)	-
	<u>884,884</u>	<u>1,119,576</u>
GST receivable	25,649	9,020
Unbilled revenue	6,631,542	2,109,788
Other receivables and deposits (Note 5)	629,372	76,090
	<u>8,171,447</u>	<u>3,314,474</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 \$884,884 (2015: \$1,119,576).

The aging of trade receivables at the reporting date is:

	Gross	Impairment	Gross	Impairment
	2016	losses	2015	losses
	S\$	2016	S\$	2015
		S\$		S\$
Current	118,775	-	397,458	-
Past due 0 - 30 days	674,740	-	107,244	-
Past due 31 - 90 days	123,656	-	257,197	-
More than 90 days	289,623	321,910	357,677	-
	<u>1,206,794</u>	<u>321,910</u>	<u>1,119,576</u>	<u>-</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 by corporations that have a good record with the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

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:

	2016 S\$	2015 S\$
Hong Kong Dollar	172,103	-
New Zealand Dollar	289	-
Singapore Dollar	1,096,853	467,416
United States Dollar	6,902,202	2,847,058
	<u>8,171,447</u>	<u>3,314,474</u>

5 OTHER RECEIVABLES AND DEPOSITS

	2016 S\$	2015 S\$
Amount due from related parties - non-trade	203,794	-
Advances to staffs*	25,500	5,500
Deposits	76,002	50,975
Retention amounts	16,150	16,150
Prepayments	211,099	3,465
Other receivables	96,827	-
	<u>629,372</u>	<u>76,090</u>

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

Amount due from related parties are unsecured, interest-free and repayable on demand.

6 CASH AND CASH EQUIVALENTS

	2016 S\$	2015 S\$
Cash and bank balances	<u>1,316,461</u>	<u>91,406</u>

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

	2016 S\$	2015 S\$
Singapore Dollar	1,209,014	73,528
United States Dollar	107,447	17,878
	<u>1,316,461</u>	<u>91,406</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

7 TRADE AND OTHER PAYABLES

	2016	2015
	S\$	S\$
Amount due to holding corporation - trade	3,470,226	1,705,359
Amount due to related corporation - trade	-	421,990
Accrued operating expenses	2,337,031	639,375
Deferred income	464,427	497,176
GST payable	46,276	29,496
Loan from holding corporation	2,842,708	1,251,620
Loan from related corporation	3,429,483	3,726,709
Other creditors	163,807	61,152
Advances from customer **	1,185,235	-
	<u>13,939,193</u>	<u>8,332,877</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.

Loan from holding corporation is unsecured, bore interest at a rate of 12.5% (2015: 12.5%) per annum and is repayable on demand.

Loan from related corporation is unsecured, bore interest at a rate of 5% (2015: 5%) per annum and is repayable on demand.

** This pertains to advances received for payroll services.

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

	2016	2015
	S\$	S\$
Hong Kong Dollar	66,979	-
Malaysia Ringgit	90,227	721,477
Singapore Dollar	10,442,731	7,326,771
Swiss Franc	1,409,277	-
United States Dollar	1,929,979	284,629
	<u>13,939,193</u>	<u>8,332,877</u>

8 SHARE CAPITAL

	2016		2015	
	No. of shares	S\$	No. of shares	S\$
Ordinary shares issued and fully paid:				
At beginning of year	725,000	725,000	725,000	725,000
Issuance of share	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>
At end of year	<u>3,725,000</u>	<u>3,725,000</u>	<u>725,000</u>	<u>725,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

8 SHARE CAPITAL - cont'd

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.

9 REVENUE

	2016	2015
	S\$	S\$
License fee	6,000,650	2,821,461
Implementation service fee	2,094,332	1,270,031
Services change request	562,575	861,067
Annual maintenance contract	930,528	903,176
Cloud services	150,428	161,365
Business process outsourcing	461,481	111,767
Other services income	588,023	714,612
	<u>10,788,017</u>	<u>6,843,479</u>

10 OTHER INCOME

	2016	2015
	S\$	S\$
Foreign exchange gain	56,703	-
Government grant	8,014	18,749
	<u>64,717</u>	<u>18,749</u>

11 ADMINISTRATION EXPENSES

Administration expenses include:

	2016	2015
	S\$	S\$
Foreign exchange loss	-	110,188
Travelling expenses	574,205	595,668
Selling expense	1,328,006	414,804
Staff benefits	144,341	460,526
Staff costs (Note 12)	1,371,145	1,387,711
	<u>1,371,145</u>	<u>1,387,711</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

12 STAFF COSTS

	2016	2015
	S\$	S\$
Salaries and related costs	5,032,820	3,389,362
Defined contribution pension costs	143,372	128,698
	<u>5,176,192</u>	<u>3,518,060</u>
Less:		
Included in administration expenses (Note 11)	1,371,145	1,387,711
Included in cost of sales	<u>3,805,047</u>	<u>2,130,349</u>

13 OTHER OPERATING EXPENSES

	2016	2015
	S\$	S\$
Depreciation	<u>84,986</u>	<u>36,274</u>

14 TAXATION

Major components of income tax expense are as follows:

	2016	2015
	S\$	S\$
Current year taxation - Foreign withholding tax	<u>10,315</u>	<u>9,904</u>

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

	2016	2015
	S\$	S\$
Loss before taxation	<u>(2,378,446)</u>	<u>(1,542,990)</u>
Tax expense on loss before taxation at 17%	(404,336)	(262,308)
Adjustments:		
Foreign withholding tax	10,315	9,904
Non-deductible expenses	45,394	67,801
Non-taxable income	(1,362)	-
Unutilised tax losses	360,304	194,507
Tax expense	<u>10,315</u>	<u>9,904</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

14 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:

	2016	2015
	S\$	S\$
Differences in tax written down value and net book value of plant and equipment	7,115	364
Unutilised capital allowances	27,854	21,211
Unutilised tax losses	360,304	626,330
	<u>395,273</u>	<u>647,905</u>

The Company's unutilised capital allowances and 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, Cap.134.

15 OPERATING LEASE COMMITMENTS

Operating lease commitment - as lessee

Rental expenses (principally for office and residential guest house rentals) were S\$255,746 and S\$255,746 for the year ended 31 March 2016 and 31 March 2015 respectively. Future minimum rentals under non-cancellable leases are as follows as of 31 March 2016:

	2016	2015
	S\$	S\$
Payable:		
Within 1 year	313,664	164,700
Within 2 to 5 years	175,180	253,455
	<u>488,844</u>	<u>418,155</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

16 SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

	2016	2015
	S\$	S\$
Holding Corporation		
Royalty fees	2,841,727	1,494,684
Hosting expense	359,572	81,371
Outsourced contract fee	-	38,206
Overseas manpower cost	90,297	48,730
Travelling expenses	75,428	233,862
Marketing expenses	7,312	2,099
Interest on loan	188,339	47,376
Transfer pricing	954,645	635,030
	<u>2,617,345</u>	<u>2,541,368</u>
Related Corporation		
Interest on loan	175,485	124,657
Manpower and travel	(510,383)	(558,601)
	<u>(334,898)</u>	<u>(433,944)</u>

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

	2016	2015
	S\$	S\$
Other Key Management Remuneration	1,778,128	1,109,190
	<u>1,778,128</u>	<u>1,109,190</u>

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

17 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:

	2016	2015
	S\$	S\$
Financial assets		
Loans and receivables:		
Trade and other receivables	1,303,306	1,195,721
Cash and cash equivalents	1,316,461	91,406
	<u>2,619,767</u>	<u>1,287,127</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	13,474,766	7,835,701
	<u>13,474,766</u>	<u>7,835,701</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

17 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit, foreign currency, and 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:

	2016	2015
	S\$	S\$
Trade receivables		
Aviation and manufacturing industry	970,154	921,339
Human resource services	77,043	158,296
Logistics and others	159,597	39,941
	<u>1,206,794</u>	<u>1,119,576</u>

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

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	HKD	MYR	NZD	USD
2016	S\$	S\$	S\$	S\$	S\$
Trade and other receivables	-	172,103	-	289	6,902,202
Cash and cash equivalent	-	-	-	-	107,447
Trade and other payables	(1,409,277)	(107,055)	(90,227)	-	(1,929,979)
	<u>(1,409,277)</u>	<u>65,048</u>	<u>(90,227)</u>	<u>289</u>	<u>5,079,670</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

17 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

Foreign Currency Risk - cont'd

2015	CHF S\$	HKD S\$	MYR S\$	NZD S\$	USD S\$
Trade and other receivables	-	-	-	-	2,847,058
Cash and cash equivalent	-	-	-	-	17,878
Trade and other payables	-	-	(721,477)	-	(284,629)
	<u>-</u>	<u>-</u>	<u>(721,477)</u>	<u>-</u>	<u>2,580,307</u>

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\$
2016	
Hong Kong Dollar	(3,252)
Malaysia Ringgit	4,511
New Zealand Dollar	(14)
Swiss Franc	70,464
United States Dollar	(253,984)
	<u>(182,275)</u>
2015	
Malaysia Ringgit	36,074
United States Dollar	(129,015)
	<u>(92,941)</u>

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 2016

17 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\$	
2016					
Liabilities					
Loan from holding corporation	-	2,842,708	-	-	2,842,708
Loan from related corporation	-	3,429,483	-	-	3,429,483
Total	<u>-</u>	<u>6,272,191</u>	<u>-</u>	<u>-</u>	<u>6,272,191</u>
2015					
Liabilities					
Loan from holding corporation	-	1,251,620	-	-	1,251,620
Loan from related corporation	-	3,726,709	-	-	3,726,709
Total	<u>-</u>	<u>4,978,329</u>	<u>-</u>	<u>-</u>	<u>4,978,329</u>

Sensitivity analysis

	Statement of Comprehensive Income S\$
2016	
Loan from holding corporation	28,427
Loan from related corporation	34,295
	<u>62,722</u>
2015	
Loan from holding corporation	12,516
Loan from related corporation	37,267
	<u>49,783</u>

An increase or decrease in 100 basis point ("bp") (1%) in interest rate at the reporting date would have no significant effect on equity and profit or loss. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

17 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.

2016	Within 1 year S\$	Within 2 to 5 years S\$	More than 5 years S\$	Total S\$
Financial Assets				
Trade and other receivables	1,303,306	-	-	1,303,306
Cash and cash equivalents	1,316,461	-	-	1,316,461
Total undiscounted financial assets	<u>2,619,767</u>	<u>-</u>	<u>-</u>	<u>2,619,767</u>
Financial liabilities				
Trade and other payables	13,474,766	-	-	13,474,766
Total undiscounted financial liabilities	<u>13,474,766</u>	<u>-</u>	<u>-</u>	<u>13,474,766</u>
Total net undiscounted financial liabilities	<u>(10,854,999)</u>	<u>-</u>	<u>-</u>	<u>(10,854,999)</u>
2015				
Financial Assets				
Trade and other receivables	1,195,721	-	-	1,195,721
Cash and cash equivalents	91,406	-	-	91,406
Total undiscounted financial assets	<u>1,287,127</u>	<u>-</u>	<u>-</u>	<u>1,287,127</u>
Financial liabilities				
Trade and other payables	7,835,701	-	-	7,835,701
Total undiscounted financial liabilities	<u>7,835,701</u>	<u>-</u>	<u>-</u>	<u>7,835,701</u>
Total net undiscounted financial liabilities	<u>(6,548,574)</u>	<u>-</u>	<u>-</u>	<u>(6,548,574)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

17 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.

18 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 2016 is S\$294,620 (2015: S\$159,093). 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 2016

19 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximize 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 2016 and 31 March 2015.

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.

	2016	2015
	S\$	S\$
Net debts	12,622,732	8,241,471
Total equity	<u>(4,156,665)</u>	<u>(4,767,904)</u>
Total capital	<u>8,466,067</u>	<u>3,473,567</u>
Gearing ratio	<u>1.49</u>	<u>2.37</u>

The Company does not have any externally imposed capital requirements for the financial year ended 31 March 2016 and 31 March 2015.

