

AXON SOLUTIONS SINGAPORE PTE. LTD.

(Co. Reg. No: 199101685G)

(Incorporated in Singapore)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

AXON SOLUTIONS SINGAPORE PTE. LTD.
(Co. Reg. No: 199101685G)
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of the Company for the year ended 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors:

- (i) 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 ended on that date in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Sundaram Sridharan
Manish Anand
Ramanathan Srinivasan
Subramanian Gopalakrishnan

3. ARRANGEMENT 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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors who held office at the end of the financial year had interest in shares, debentures or share options in the Company or in related corporations.

For the purpose of determining directors' deemed interest in share or debentures at the beginning and at the end of the financial year, the directors have applied the provisions of Section 7 of the Singapore Companies Act, Chapter 50.

5. **OPTIONS GRANTED**

During the financial year, no option to take up unissued shares of the Company was granted.

6. **OPTIONS EXERCISED**

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

7. **OPTIONS OUTSTANDING**

At the end of the financial year, there were no unissued shares under option.

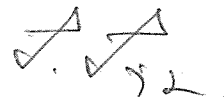
8. **AUDITORS**

The auditors, CA Practice PAC, Chartered Public Accountants, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS



Subramanian Gopalakrishnan
(Director)



Sundaram Sridharan
(Director)

Singapore, 3 August 2018



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AXON SOLUTIONS SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Axon Solutions Singapore 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 in the financial statements, which indicates that the Company's total liabilities exceeded its total assets by \$1,150,852. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AXON SOLUTIONS SINGAPORE PTE. LTD.

Other Information (cont'd)

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
AXON SOLUTIONS SINGAPORE PTE. LTD.**

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

- 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.

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.



CA Practice PAC
Public Accountants and
Chartered Accountants
Singapore, 3 August 2018

AXON SOLUTIONS SINGAPORE PTE. LTD.

(Co. Reg. No: 199101685G)

(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>NOTE</u>	<u>2018</u> \$	<u>2017</u> \$
SHARE CAPITAL	3	100,000	100,000
RETAINED EARNINGS		<u>(1,250,852)</u>	<u>(1,375,764)</u>
		<u>(1,150,852)</u>	<u>(1,275,764)</u>
NON CURRENT ASSETS			
Property, plant and equipment	4	-	-
Deferred tax assets	5	<u>58,397</u>	<u>79,289</u>
		<u>58,397</u>	<u>79,289</u>
CURRENT ASSETS			
Trade receivables	6	246,967	1,543,728
Other receivables		153	2,501
Prepayments		2,888	8,360
Cash and bank balances		<u>1,144,287</u>	<u>40,601</u>
		<u>1,394,295</u>	<u>1,595,190</u>
Less: CURRENT LIABILITIES			
Amount due to related parties – trade	7	27,000	3,377
Amount due to related party – non-trade	8	1,100,000	1,100,000
Accruals		<u>136,544</u>	<u>506,866</u>
		<u>1,263,544</u>	<u>1,610,243</u>
NET CURRENT ASSETS / (LIABILITIES)		130,751	(15,053)
NON CURRENT LIABILITIES			
Non- cumulative redeemable preference shares	9	<u>1,340,000</u>	<u>1,340,000</u>
		<u>(1,150,852)</u>	<u>(1,275,764)</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AXON SOLUTIONS SINGAPORE PTE. LTD.
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**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2018**

	<u>NOTE</u>	<u>2018</u> \$	<u>2017</u> \$
Revenue	10	1,770,184	2,709,543
Employees benefit costs	11	(1,271,364)	(1,943,370)
Subcontractor costs		(239,899)	(537,580)
Other expenses	11	(113,117)	(131,344)
Profit before tax		<u>145,804</u>	<u>97,249</u>
Income tax expense	12	(20,892)	(23,467)
Profit after tax		<u>124,912</u>	<u>73,782</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>124,912</u></u>	<u><u>73,782</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AXON SOLUTIONS SINGAPORE PTE. LTD.
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**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2018**

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 31 March 2016	100,000	(1,449,546)	(1,349,546)
Total comprehensive income	-	73,782	73,782
Balance at 31 March 2017	100,000	(1,375,764)	(1,275,764)
Total comprehensive income	-	124,912	124,912
Balance at 31 March 2018	100,000	(1,250,852)	(1,150,852)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AXON SOLUTIONS SINGAPORE PTE. LTD.

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Profit before taxation	145,804	97,249
Adjustment for non-cash item:-		
Provision for unutilised staff leave	7,342	23,545
Operating cash flow before working capital changes	<u>153,146</u>	<u>120,794</u>
Change in working capital:-		
Trade receivables	1,296,761	(1,068,491)
Other receivables	2,348	(1,507)
Prepayments	5,472	9,930
Amount due to related parties- trade	23,623	(2,221)
Other payables	-	(31,970)
Accruals	(377,664)	319,439
Net cash generated from / (used in) operating activities	<u>1,103,686</u>	<u>(654,026)</u>
Cash flows from investing activities	-	-
Cash flows from financing activities		
Amount due to related parties – non-trade	-	200,000
Net cash generated from financing activities	<u>-</u>	<u>200,000</u>
Net increase / (decrease) in cash and cash equivalents	1,103,686	(454,026)
Cash and cash equivalents at beginning of financial year	<u>40,601</u>	<u>494,627</u>
Cash and cash equivalents at end of financial year (Note A)	<u>1,144,287</u>	<u>40,601</u>

AXON SOLUTIONS SINGAPORE PTE. LTD.

(Co. Reg. No: 199101685G)

(Incorporated in Singapore)

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

NOTES TO STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and bank deposits which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts: -

	<u>2018</u>	<u>2017</u>
	\$	\$
Bank balance	<u>1,144,287</u>	<u>40,601</u>

The carrying amount of cash and cash equivalents approximate their fair value and are denominated in Singapore Dollar.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

AXON SOLUTIONS SINGAPORE PTE. LTD.

(Co. Reg. No: 199101685G)

(Incorporated in Singapore)

NOTES TO FINANCIAL STATEMENTS – 31 MARCH 2018

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

1. GENERAL

The financial statements of **Axon Solutions Singapore Pte. Ltd.** (Co. Reg. No: 199101685G) for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 3 August 2018.

The principal activities of the Company are to carry on the business of provision of project management, consulting and programming services.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a wholly owned subsidiary of HCL Singapore Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is HCL Technologies Limited, a company incorporated in India.

The registered office of Axon Solutions Singapore Pte. Ltd. is located at 519 Balestier Road #03-01 Le Shantier Singapore 329852.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) and the provisions of the Singapore Companies Act. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year. The financial statements have been prepared in accordance with the historical cost basis except, as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.1 BASIS OF PREPARATION (CONT'D)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future year affected. As a result of the evaluation, the Company believes that there are no significant estimates and judgements which would have impact to the financial statement as a whole.

In the current financial year, the Company had adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are relevant to its operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in substantial changes to the Company's accounting policies.

2.2 GOING CONCERN

As at reporting date, the Company's total liabilities exceeded its total assets by \$1,150,852. This indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as going concern.

The ability of the Company to continue as going concern depends on the ultimate holding company providing financial support to the Company. If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.

2.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amount of cash and subject to an insignificant risk of change in value.

2.4 FUNCTIONAL CURRENCY

These financial statements are presented in Singapore Dollar. The Company's functional currency is Singapore Dollar as revenue and expenses are denominated primarily in Singapore Dollar and receipts are retained mainly in Singapore Dollar. The directors are of the opinion that Singapore Dollar reflects the economic substance of the underlying events and circumstances relevant to the Company. All financial information presented in Singapore Dollar has been rounded to the nearest dollar, unless otherwise stated.

2.5 PROPERTY, PLANT AND EQUIPMENT

Measurement

Property, plant and equipment

All property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Component of costs

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

Depreciation

Depreciation is calculated on the straight-line method to write off the cost of property, plant and equipment over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:-

<u>Description of assets</u>	<u>Estimated useful lives</u>
Computers	4-5 years

Fully depreciated assets are retained in the accounts until they are no longer in use. On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained profits. The residual values and useful lives of property, plant and equipment, if not insignificant, are reviewed and adjusted as appropriate, at each reporting date.

2.6 TRADE AND OTHER RECEIVABLES

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is recognised in the income statement.

2.7 TRADE AND OTHER PAYABLES

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.8 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.9 RELATED PARTY

Parties are considered to be related if one party has the ability to control (by way of ownership, directly or indirectly) or exercise significant influence (by way of participation in the financial and operating policies) over the other party in making financial and operating decisions, or vice versa, or the parties are subject to common control or common significant influence. Related parties may be individual or other entities.

2.10 TAXATION

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

2.10 TAXATION (CONT'D)

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

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

2.11 FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Foreign currency differences arising on retranslation are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.12 REVENUE RECOGNITION

Revenue from rendering of services is recognised as services are rendered.

2.13 FINANCE INCOME AND FINANCE COSTS

Finance income comprises of interest income on funds invested that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method. Finance costs comprise interest expense on borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessary takes a substantial period of time to get ready for its intended use or sale) were capitalised as incurred. Borrowing costs that are not attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method.

2.14 IMPAIRMENT OF NON FINANCIAL ASSETS

Assets that have indefinite useful lives, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 EMPLOYEE BENEFITS

Defined contribution plan

As required by Law, companies in Singapore make contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

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 reporting date.

2.16 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.

2.17 PREFERENCE SHARES

Preference shares are classified as liability as it is redeemable beyond a stipulated period, or redeemable only on the preference shareholders' agreement. Dividends are discretionary and are recognized as distributions within equity upon approval by the members if the Company has earned distributable profits for the year.

3. SHARE CAPITAL

	<u>2018</u> \$	<u>2017</u> \$
<u>Issued and fully paid, with no par value:-</u>		
100,000 (2017: 100,000) ordinary shares	<u>100,000</u>	<u>100,000</u>

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

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Computers</u> \$
<u>Cost</u>	
At 01/04/2017	3,897
Additions	-
Written off	<u>(3,897)</u>
At 31/03/2018	<u>-</u>
<u>Accumulated Depreciation</u>	
At 01/04/2017	3,897
Charge for the year	-
Written off	<u>(3,897)</u>
At 31/03/2018	<u>-</u>
<u>Carrying amount</u>	
At 31/03/2018	<u>-</u>
	<u>Computers</u> \$
<u>Cost</u>	
At 1/4/2016	3,897
Additions	-
Disposals	<u>-</u>
At 31/03/2017	<u>3,897</u>
<u>Accumulated Depreciation</u>	
At 1/4/2016	3,897
Charge for the year	-
Disposals	<u>-</u>
At 31/03/2017	<u>3,897</u>
<u>Carrying amount</u>	
At 31/03/2017	<u>-</u>

5. **DEFERRED TAX ASSETS**

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of year	79,289	102,756
Recognised in income statement (Note 12)	<u>(20,892)</u>	<u>(23,467)</u>
Balance at end of year	<u>58,397</u>	<u>79,289</u>

The deferred taxation at the statement of financial position date arises from unutilised tax losses computed at the statutory tax rate.

6. **TRADE RECEIVABLES**

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade receivable - related parties	<u>246,967</u>	<u>1,543,728</u>

Included in trade receivables is an accrued receivable amounting to \$59,225 (2017: Nil) which has been billed in the next financial year.

The carrying amount of trade receivables approximates their fair values and denominated in the following currencies:

	<u>2018</u>	<u>2017</u>
	\$	\$
Singapore Dollar	246,406	155,350
United States Dollar	<u>561</u>	<u>1,388,378</u>
	<u>246,967</u>	<u>1,543,728</u>

7. **AMOUNT DUE TO RELATED PARTIES – TRADE**

	<u>2018</u>	<u>2017</u>
	\$	\$
Amount due to related parties – trade	<u>27,000</u>	<u>3,377</u>

The carrying amount of due to related parties approximates their fair values and denominated in the following currencies:

	<u>2018</u>	<u>2017</u>
	\$	\$
Singapore Dollar	27,000	-
United States Dollar	<u>-</u>	<u>3,377</u>
	<u>27,000</u>	<u>3,377</u>

8. **AMOUNT DUE TO RELATED PARTY – NON-TRADE**

The amount due to related party is unsecured, interest free, repayable on demand and denominated in Singapore Dollar.

9. **NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES**

	<u>2018</u> \$	<u>2017</u> \$
<u>Issued and fully paid, with no par value:-</u>		
1,340 (2017: 1,340) non-cumulative redeemable preference shares	<u>1,340,000</u>	<u>1,340,000</u>

The non-cumulative redeemable preference shares are redeemable after 5 years. The holders of such shares have the following rights and privileges:

- (a) in the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company for the purpose of winding up its affairs, the preference shareholders are entitled to receive, from the assets and the property of the Company, the subscription price for each preference shares held by the member, together with all dividends declared and remaining unpaid on such preference shares before any amount may be paid or any assets or property of the Company may be distributed to the holders of any equity holders;
- (b) the preference shareholders shall have the rights to vote on those resolutions which directly affect their rights attached to the preference shares and resolution for the winding up of the company or reduction of equity or preference share capital; and
- (c) in the event dividend remains unpaid for more than two years, preference shareholders shall have voting rights on all resolutions placed before the members.
- (d) the preference shares may also be redeemed at any time before the expiry period of 5 years if the preference shareholders agrees to the same in writing and the preference shares along with preference dividend if any declared and unpaid on such preference shares

10. **REVENUE**

	<u>2018</u> \$	<u>2017</u> \$
Service fee	<u>1,770,184</u>	<u>2,709,543</u>

11. EMPLOYEES BENEFIT COSTS AND OTHER EXPENSES

Employees benefit costs and other expenses included the following for the year ended :-

	<u>2018</u>	<u>2017</u>
	\$	\$
Employees benefit costs		
CPF	49,287	73,147
Salaries, bonuses and other related costs	<u>1,222,077</u>	<u>1,870,223</u>
	<u>1,271,364</u>	<u>1,943,370</u>
Other expenses		
Loss on foreign exchange	46,543	22,022
Provision for unutilised staff leave	7,342	23,545

12. TAXATION

The tax expense for the financial year comprises the following:-

	<u>2018</u>	<u>2017</u>
	\$	\$
Income tax expense – current year	-	-
Deferred taxation (Note 5)	<u>20,892</u>	<u>23,467</u>
	<u>20,892</u>	<u>23,467</u>

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:-

	<u>2018</u>	<u>2017</u>
	\$	\$
Profit before tax	<u>145,804</u>	<u>97,249</u>
Income tax using the Singapore tax rate of 17% (2017: 17%)	24,787	16,532
Tax effect on temporary differences - Others	18,636	24,546
Tax effect on non-deductible expenses	834	2,257
Tax effect on utilisation of losses brought forward	<u>(23,365)</u>	<u>(19,868)</u>
	<u>20,892</u>	<u>23,467</u>

13. RELATED PARTY TRANSACTIONS

The Company has significant transactions with related parties on terms agreed between the parties as follows:-

	<u>2018</u>	<u>2017</u>
	\$	\$
Contract fees charged to related companies	(1,770,184)	(2,709,543)
Subcontractor costs	237,250	339,555

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- (a) To safeguard the Company's ability to continue as a going concern.
- (b) To support the Company's stability and growth.
- (c) To provide capital for the purpose of strengthening the Company's risk management capability.
- (d) To provide an adequate return to shareholders.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and capital efficiency. The Company currently does not adopt any formal dividend policy.

The Company monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

There were no changes to the Company's approach to capital management during the financial year.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

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

Liquidity Risk

The Company does not foresee the necessity of raising any external funds in the near future as it has sufficient funds to finance its normal operating activities, unless there are any unforeseen future circumstances that require substantial funding. The Company has obtained the letter of undertaking from the ultimate holding company to continue to provide financial and other support as necessary to pay its debts as and when they fall due.

Interest Rate Risk

The Company has no significant exposure to market risk for changes in interest rates.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (CONT'D)

Foreign Currency Risk

The Company incurs foreign currency risk on its business operations that are denominated in a currency other than Singapore dollars. The currency giving rise to this risk is primarily in United States dollars. As at reporting date, the Company has no significant exposure to foreign currency risk.

Except as disclosed in the financial statements, the Company's financial assets and financial liabilities are denominated in Singapore dollars.

Credit Risk

Credit risk is limited to the risk arising from the inability of debtors to make payments when due. It is the Company's policy to provide credit terms to credit worthy customers. These debts are continually monitored and, therefore, the Company does not expect to incur material credit losses.

Credit risk is limited to the risk arising from the inability of debtors to make payments when due. It is the Company's policy to provide credit terms to credit worthy customers. These debts are continually monitored and, therefore, the Company does not expect to incur material credit losses.

The carrying amount of trade and other receivables and cash and bank balances represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. At the end of the reporting year, the Company has no significant exposure to concentration risk.

Financial assets that are neither past due nor impaired

Bank balances and deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies. Trade receivables are neither past due nor impaired and are receivable from companies with a good collection track record with the Company.

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to \$187,742 (2017: \$1,543,728) that are past due at the end of the reporting year but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting year is disclosed at the following page.

	<u>2018</u>	<u>2017</u>
	\$	\$
Past due 0 to 6 months	187,742	865,814
More than 6 months	-	677,914
	<u>187,742</u>	<u>1,543,278</u>

Fair values

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements of the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

16. **FRS AND INT FRS NOT YET EFFECTIVE**

Certain new standards, amendments and interpretations to existing standards have been published and are relevant for the Company's accounting periods beginning after 1 April 2017 and which the Company has not early adopted. Management has assessed that the new or revised accounting standards and interpretations do not have any material impact to the Company.

AXON SOLUTIONS SINGAPORE PTE. LTD.
 (Co. Reg. No: 199101685G)
 (Incorporated in Singapore)

**INCOME STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2018**

	\$	\$
Revenue		1,770,184
Less: Operating Expenses		
Auditor's remuneration	6,600	
Bank charges	2,450	
Bonus	79,476	
Communication	2,424	
CPF	49,287	
Insurance	16,060	
Loss on foreign exchange	46,543	
Medical allowance & expenses	1,362	
Parking expenses	454	
Printing and stationery	50	
Professional fee	25,812	
Unutilized staff annual leave	7,342	
Salaries and wages	1,137,526	
Staff overtime	5,075	
SDL	1,330	
Subcontractor costs	239,899	
Travelling	2,690	
	<hr/>	(1,624,380)
Profit for the year		<hr/> <hr/> 145,804

This statement is for management information only and does not form part of the audited financial statements of the Company.