HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

CORPORATE INFORMATION
(at date of this report)

Members	:	HCL Bermuda Limited HCL Technologies Limited
Directors	:	Sundaram Sridharan Ramanathan Srinivasan Subramanian Gopalakrishnan
Secretary	:	Seet Beng Choo Jeanne
Auditors	:	J K Medora & Co LLP
Registered Office and Place of Business	:	8 Shenton Way #33-03 AXA Tower Singapore 068811

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HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors submit their statement to the shareholders together with the audited financial statements of the Company for the financial year ended 31 March 2018.

In the opinion of the directors,

(a) the financial statements of the Company as set out on pages 6 to 46 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 financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1) DIRECTORS OF THE COMPANY

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

SUNDARAM SRIDHARAN
RAMANATHAN SRINIVASAN
SUBRAMANIAN GOPALAKRISHNAN

2) ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3) DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, the directors holding office at the end of the financial year had interests in the shares or debentures of the Company and its related corporations as detailed below:-

	Deemed interest Number of ordinary shares	
	As at 01.04.2017	As at 31.03.2018
Ultimate Holding Company		
HCL Technologies Ltd		
Sundaram Sridharan	12,104	12,104

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

4) SHARE OPTIONS

During the financial year, no share options were available or exercisable.

5) INDEPENDENT AUDITORS

The independent auditors, J K Medora & Co LLP, have expressed their willingness to accept re-appointment.

On behalf of the Directors,

.....
SUBRAMANIAN GOPALAKRISHNAN
DIRECTOR

.....
SUNDARAM SRIDHARAN
DIRECTOR

2 7 AUG 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HCL SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Singapore Pte. Ltd. (the Company), set out on pages 6 to 46, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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, 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.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HCL SINGAPORE PTE. LTD.
(continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HCL SINGAPORE PTE. LTD.
(continued)

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.

J K Medora & Co LLP
Public Accountants and Chartered Accountants Singapore

Singapore
27 August 2018

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HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Continuing Operations			
Revenue	4	194,748,541	206,121,695
Cost of sales	5	(167,369,173)	(161,826,269)
Gross profit		27,379,368	44,295,426
Other income	6	1,364,946	814,463
Other (losses), net	7	(2,269,152)	(684,485)
Expenses			
Marketing and distribution costs		(7,742,823)	(8,672,274)
Administrative expenses		(7,932,784)	(9,128,390)
	5	(15,675,607)	(17,800,664)
Profit before tax		10,799,555	26,624,740
Income tax expense	9	(1,925,592)	(4,391,291)
Profit from continuing operations		8,873,963	22,233,449
Other comprehensive income		-	-
Total comprehensive income for the year		8,873,963	22,233,449

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 S$	2017 S$
ASSETS			
Current Assets			
Cash and cash equivalents	11	4,333,340	10,736,528
Trade receivables	12	48,550,521	39,984,753
Other receivables	13	41,639,941	33,777,511
Other financial assets	14	582,043	533,380
Contracts costs - deferred	15	4,005,292	3,913,176
Other non-financial assets (prepayments)	16	2,074,446	3,891,768
Total Current Assets		101,185,583	92,837,116
Non-current Assets			
Plant and equipment	17	4,683,874	5,521,569
Financial assets, available-for-sale	18	12,664	12,664
Contracts costs - deferred	15	412,933	734,269
Investment in a subsidiary	19	-	-
Loan receivables - redeemable preference shares	20	-	-
Total Non-current Assets		5,109,471	6,268,502
Total Assets		106,295,054	99,105,618
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Income tax liability	9	2,198,989	4,804,363
Trade payables	21	34,042,459	23,466,548
Other payables	22	6,205,076	7,837,649
Other financial liabilities	23	4,114,961	5,072,922
Employee encashment compensated absence	24	3,074,236	1,718,694
Total Current Liabilities		49,635,721	42,900,176
Non-current Liabilities			
Deferred income tax liabilities	10	793,239	933,088
Trade payables	21	210,382	766,607
Employee encashment compensated absence	24	4,245,374	5,355,622
Total Non-current Liabilities		5,248,995	7,055,317
Total Liabilities		54,884,716	49,955,493
Equity			
Share capital	25	2,035,000	2,035,000
Retained earnings		49,375,338	47,115,125
Total Equity		51,410,338	49,150,125
Total Equity and Liabilities		106,295,054	99,105,618

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

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

	Share capital S$	Retained earnings S$	Total S$
Balance as at 1April 2016	2,035,000	35,056,676	37,091,676
Profit for the year	-	22,233,449	22,233,449
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	22,233,449	22,233,449
Dividend paid (Note 27)	-	(10,175,000)	(10,175,000)
Balance as at 31 March 2017	2,035,000	47,115,125	49,150,125
Profit for the year	-	8,873,963	8,873,963
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	8,873,963	8,873,963
Dividend paid (Note 27)	-	(6,613,750)	(6,613,750)
Balance as at 31 March 2018	2,035,000	49,375,338	51,410,338

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 S$	2017 S$
Cash flows from operating activities		
Profit before tax	10,799,555	26,624,740
Adjustments:-		
Depreciation of plant and equipment	2,062,120	1,825,055
Interest income	(1,140,619)	(589,255)
(Allowance) / Reversal of allowance for impairment loss	(474,444)	304,865
Loss on disposal of plant and equipment	18,536	1,657
Unrealised currency translation loss	1,568,590	506,551
Operating cash flows before changes in working capital	12,833,738	28,673,613
Changes in working capital:-		
Contract cost deferred	229,220	784,730
Trade, other receivables and other assets	(15,987,145)	12,954,450
Trade, other payables and other liabilities	7,907,906	(18,120,163)
Cash generated from operations	4,983,719	24,292,630
Tax paid, net	(4,670,815)	(3,213,074)
Cash generated from operating activities	312,904	21,079,556
Cash flows from investing activities		
Purchase of plant and equipment	(1,242,961)	(1,161,295)
Proceeds from disposal of plant and equipment	-	2,071
Interest received	1,140,619	589,255
Cash (used in) investing activities	(102,342)	(569,969)
Cash flows from financing activities		
Dividend paid	(6,613,750)	(10,175,000)
Cash (used in) financing activities	(6,613,750)	(10,175,000)
Net (decrease) / increase in cash and cash equivalents	(6,403,188)	10,334,587
Beginning of the financial year (Notes 2.14 and 11)	10,736,528	401,941
End of the financial year (Notes 2.14 and 11)	4,333,340	10,736,528

Note: Purchase of plant and equipment was made using cash and cash equivalents.

The annexed notes form an integral part of these financial statements

1. DOMICILE AND PRINCIPAL ACTIVITIES

The Company (Company Registration No: 198000284M) is a private company incorporated and domiciled in Singapore with its registered office and principal place of business at 8 Shenton Way, #33-03 AXA Tower, Singapore 068811.

The principal activities of the Company comprise of sales of hardware and software licences, software development, installation implementation, maintenance of hardware and software and providing information technology services.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

Interpretation and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRS and interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

New or revised accounting standards and FRS interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2018 and 1 January 2019. Management has not yet completed its review of these accounting standards to establish the impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group Accounting

These financial statements are the separate financial statements of the Company. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly owned subsidiary of the ultimate holding company in India, which produces consolidated financial statements available for public use.

The registered office of the ultimate holding company, HCL Technologies Limited, is at 806 Siddharth, 96, Nehru Place, New Delhi – 110019, India.

The basis on which the subsidiary is accounted for is disclosed in Note 2.3 to the financial statements.

2.3 Investment in a Subsidiary

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

2.4 Holding Companies and Related Parties

Holding Company

The immediate holding company is HCL Bermuda Limited, a company incorporated in Bermuda.

The ultimate holding company is HCL Technologies Limited, a company incorporated in India and listed on NSE (National Stock Exchange, Bombay) and BSE (Bombay Stock Exchange).

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 of joint venture of the other entity (or an 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Holding Companies and Related Parties (continued)

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

(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).

2.5 Revenue Recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts.

The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:-

(i) Product revenue

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Service revenue – Development, installation and implementation of software

Revenue from rendering of services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

(iii) Time-and-material contracts and recurring fixed billing

Revenue with respect to time-and-material contracts and recurring fixed billing is recognised as the related services are performed.

(iv) Interest income – Loans to related parties

Interest is recognised on an accrual basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Contracts costs - Deferred

They are carried at cost.

2.7 Plant and equipment

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

The cost of an item of plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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 entity and the cost of the item can be measured reliably. All repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

Depreciation

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

	No. of Years
Computer equipment	4-5 Years
Computer software	3 Years
Furniture and fittings	5-7 Years
Office equipment and air-conditioners	5-7 Years

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial Assets

(i) Classification

The Company classifies its financial assets as loans and receivables and financial assets, available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are presented as non-current assets.

The Company classifies the following financial assets as loans and receivables:-

- Cash and cash equivalents.
- Trade and other receivables.
- Deposits.

Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial Assets (continued)

(iv) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets and available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(v) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial Assets (continued)

(v) Impairment (continued)

Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.8(v) loans and receivables, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

2.9 Financial Liabilities

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.

Financial liabilities are recognised initially at fair values.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit or loss. Net gains or losses on derivatives include exchange differences.

2.10 Trade and Other Payables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.12 Impairment of non-financial assets
Plant and equipment
Investment in a subsidiary

These assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. A reversal of impairment loss for an asset is recognised in profit or loss.

An impairment loss for an asset is reversed if, only, if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Income Taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Company accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.14 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts, where applicable. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, where applicable, assessments is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Currency Translation

(i) 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 (the functional currency). The financial statements of the Company are presented in Singapore Dollar, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains / losses – net".

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.16 Employee Compensation

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

(i) Short-term employee benefits

These include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit sharing, bonuses (if paid within twelve months of the end of the financial year) and other non-monetary benefits such as medical care, housing, cars and free or subsidised goods or services.

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee Compensation (continued)

(iii) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specific portion of the unutilised accumulated compensated absences and utilised it in future periods or received cash at retirement or termination of employment. The expected cost of accumulated compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognised in the statement of profit and loss in the year in which the absences occur. Actuarial gains / losses are immediately taken to the statement or profit and loss are not deferred.

(iv) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted at present value.

2.17 Operating Lease

(a) When the Company is the lessee

The Company leases office under operating lease from non-related parties.

(i) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Operating Lease (continued)

(b) When the Company is the lessor

The Company leases its equipment under operating leases to non-related parties.

(a) Lessor – Operating leases

Leases of equipment where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.18 Bank Guarantees

The Company has issued various performance bank guarantees to third parties. These guarantees are performance guarantee contracts as it requires the Company to reimburse the bank if these bank guarantees are not honored.

A performance guarantee contract is initially recognised at its fair value plus transaction costs, in the Company's statement of financial position, if material.

Performance guarantee contract, provided that the cost is material, is subsequently amortised to the profit or loss over the period of the guarantee unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount.

2.19 Loan Receivable – Redeemable Preference Shares

Preference shares which are mandatorily redeemable on a specific date by the issuer of the preference shares are classified as assets by the holder of the preference shares. The dividends on these preference shares are recognised as finance income by the holder of the preference shares.

2.20 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the 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 cost which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.22 Share Capital

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

2.23 Offsetting of Financial Instruments

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

2.24 Fair Value Estimation of Financial Assets and Liabilities

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment, on a monthly basis. Significant financial difficulties to the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience or assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

(b) Contract revenue

The Company uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

(c) Employee encashment of compensated absence

The present value of the accrual for compensated absence depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for compensated absence include the discount rate. Any changes in assumptions will impact the carrying amount of compensated absence obligations.

The Company determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the compensated absence obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality fixed interest bonds that are denominated in the currency in which the obligations will be paid, and that have terms to maturity approximating the terms of the related compensated absence liability.

Other key assumptions for compensated obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

3.2 Critical judgements in applying the entity's accounting policies

There were no significant areas which required critical judgements in applying the entity's accounting policies, other than those already disclosed in these financial statements.

4. REVENUE

	2018 S$	2017 S$
(a) Product revenue	6,292,144	8,977,453
(b) Service revenue:-		
- Development, installation and implementation of software	75,100,027	78,357,776
- Time and material	44,115,530	45,270,882
- Recurring fixed billing	69,240,840	73,515,584
	194,748,541	206,121,695

5. EXPENSES BY NATURE

	Note	2018 S$	2017 S$
Purchase of equipment and services		93,150,362	81,564,201
Changes in contract costs deferred		229,220	784,730
Depreciation of plant and equipment			
- Included in "Administrative expenses"	17	2,062,120	1,825,055
Employee benefits	8	78,444,132	84,592,399
Advertising and business promotion expenses		1,061,091	989,782
Rental on operating leases		1,099,229	1,110,615
Allowance for impairment of trade receivables - included in "market and distribution expenses" (written back) / charged, net	12(iii)	(474,444)	304,865
Transportation		467,827	549,620
Legal and professional fees		516,370	1,158,775
Communications		3,094,437	1,964,719
Repairs and maintenance		497,747	748,999
Insurance		199,585	213,896
Travelling		1,490,377	1,531,097
Bank charges		373,382	249,413
Postages and courier		42,062	89,583
Utilities		576,022	600,816
Others		215,261	1,348,368
Total cost of sales, marketing and distribution costs and administrative expenses		183,044,780	179,626,933

6. OTHER INCOME

	2018 S$	2017 S$
Interest income - loans to related parties	1,140,619	589,255
Other income	224,327	225,208
	1,364,946	814,463

7. OTHER (LOSSES), NET

	2018 S$	2017 S$
Loss on disposal of plant and equipment	(18,218)	(1,657)
Foreign currency exchange (losses), net	(2,250,934)	(682,828)
	(2,269,152)	(684,485)

8. EMPLOYEE BENEFITS EXPENSE

		2018 S$	2017 S$
(a)	Key Management Personnel - Directors		
	Short-term employee benefits - directors of the Company (This include employers' contribution to defined contribution plans of S$12,931 (2017: S$13,018)	240,901	237,021
(b)	Employees		
	Short-term employee benefits	75,443,142	82,154,189
	Employer's contribution to defined contribution plans including Central Provident Fund	2,760,089	2,201,189
		78,203,231	84,355,378
(c)	Total Employee Benefits Expense	78,444,132	84,592,399

(i) The key management personnel comprises directors only, whose short-term employee benefits are disclosed above.

(ii) Employee benefits expense includes accommodation and car allowance expense of S$4,800 (2017: S$4,800).

9. INCOME TAXES

(a) Income tax expense

Tax expense attributable to profit is made up of:-

	2018 S$	2017 S$
Current income tax - for the period(Note 9(b))	2,132,571	4,468,290
Deferred income tax (Note 10(a)):		
Movement in taxable temporary differences	(139,849)	(76,999)
	1,992,722	4,391,291
Current income tax - prior year's under provision	(67,130)	-
Per Statement of Comprehensive Income	1,925,592	4,391,291

(b)

The tax expense on the profit for the financial period differs from the tax expense that would arise by applying the Singapore standard income tax rate to profit before tax due to the following:-

	2018 S$	2017 S$
Profit before income tax	10,799,555	26,624,740
Tax at the applicable tax rate of 17% (2017:17%)	1,835,924	4,526,206
Tax effect of items that are not deductible / (allowable) in determining taxable profit:		
Allowable claims	(14,150)	(99,679)
Non-taxable items	-	(77,300)
Non-deductible items	555,779	512,662
Current year capital allowance and PIC enhanced claims	(209,057)	(357,674)
Tax exempt income	(25,925)	(25,925)
Tax rebate	(10,000)	(10,000)
Current income tax - for the year	2,132,571	4,468,290
Movement in taxable temporary differences	(139,849)	(76,999)
Tax charge	1,992,722	4,391,291

9. INCOME TAXES (continued)

(c) Movements in current income tax liabilities

	2018 S$	2017 S$
Balance, at beginning of financial year	4,804,363	3,549,147
Income tax paid	(4,670,815)	(3,213,074)
	133,548	336,073
Prior year's under / (over) provision	(67,130)	-
Current financial year's tax	2,132,571	4,468,290
Balance, at end of financial year	2,198,989	4,804,363

10. DEFERRED TAXES

(a) Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 17% (2017: 17%).

The movement on the deferred income tax account is as follows:-

	2018 S$	2017 S$
Balance, at beginning of financial year	933,088	1,010,087
Tax (write-back) / charge to income statement	(139,849)	(76,999)
Balance, at end of financial year	793,239	933,088

(b) The movements in the deferred tax (assets) and liabilities (prior to offsetting of balances within the same jurisdiction) during the financial period are as follows:-

Deferred tax liabilities

2018	Accelerated Tax depreciation S$
Balance at beginning of financial year	933,088
Charged / (Written back) to Income Statement	(139,849)
Balance at end of financial year	793,239

10. DEFERRED TAXES (continued)

(b) The movements in the deferred tax (assets) and liabilities (prior to offsetting of balances within the same jurisdiction) during the financial period are as follows:- (continued)

Deferred tax liabilities

2017	Accelerated Tax depreciation S$
Balance at beginning of financial year	1,010,087
Charged / (Written back) to Income Statement	(76,999)
Balance at end of financial year	933,088

(c) Deferred tax (assets) and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the statement of financial position as follows:-

	2018 S$	2017 S$
Deferred tax assets	-	-
Deferred tax liabilities	793,239	933,088
	793,239	933,088
Deferred tax liabilities to be settled after more than 12 months	793,239	933,088

11. CASH AND CASH EQUIVALENTS

	2018 S$	2017 S$
Cash and bank balances	4,333,340	10,736,528
Cash and cash equivalents	4,333,340	10,736,528

12. TRADE RECEIVABLES

These include the following:-

	2018 S$	2017 S$
Trade receivables		
Trade receivables - third parties	28,008,912	25,794,196
Less: Allowance for impairment loss (Note 12(iii))	(907,272)	(1,381,716)
Trade receivables - third parties, net	27,101,640	24,412,480
Related parties (Note 12(i))	9,170,707	4,943,661
Unbilled receivables - third parties	12,278,174	9,714,168
- related parties (Note 12(i))	-	914,444
Total trade receivables	48,550,521	39,984,753
Add:		
Other receivables (Note 13)	41,639,941	33,777,511
Other financial assets (Note 14)	582,043	533,380
Cash and cash equivalents (Note 11)	4,333,340	10,736,528
Total loans and receivables	95,105,845	85,032,172

The trade receivables are non-interest bearing and are generally on 30 to 60 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(i) Related parties

These represent amounts due for sales made to the related parties. They are unsecured, interest-free and repayable under normal trading terms.

(ii) Receivables that are past due but not impaired

The Company has trade receivables that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the reporting date is as follows:-

	2018 S$	2017 S$
Trade receivables past due:-		
Less than 30 days	2,012,303	2,946,770
31 to 60 days	984,660	924,912
61 to 90 days	532,050	729,426
91 to 120 days	400,079	1,562,660
More than 120 days	2,442,697	2,219,315
	6,371,789	8,383,083

12. TRADE RECEIVABLES (continued)

(iii) Receivables that are impaired

The carrying amount of trade receivables individually determined to be impaired at the reporting date and the movement of the allowance account used to record the impairment is as follows:-

	2018 S$	2017 S$
Trade receivables - nominal amounts	907,272	1,381,716
Less: Allowance for impairment	(907,272)	(1,381,716)
	-	-

	Individually Impaired	
	2018 S$	2017 S$
Movements during the financial year are as follows:-		
Balance at beginning of financial year	1,381,716	1,061,726
Addition during the year (Note 5)	954,642	304,865
Write back during the year (Note 5)	(1,429,086)	-
Translation difference during the year	-	15,125
Balance at end of the financial year	907,272	1,381,716

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral of credit enhancements.

(i) Analysis of trade receivables

The table below is an analysis of trade receivables as at the reporting date:

	2018 S$	2017 S$
Not past due and not impaired	42,178,732	31,601,670
Past due but not impaired (ii)	6,371,789	8,383,083
	48,550,521	39,984,753
Impaired receivables – individually assessed, gross	907,272	1,381,716
Less: Allowance for impairment	(907,272)	(1,381,716)
	-	-
Total trade receivables, net	48,550,521	39,984,753

13. OTHER RECEIVABLES

	2018 S$	2017 S$
Third parties:-		
Staff advances (Note 13(i))	466,388	141,237
	466,388	141,237
Related parties:-		
Short term loans – Related parties (Note 13(ii))	39,896,280	32,014,205
Short term loans – Subsidiary (Note 13(ii))	-	1,100,000
Interest receivable	1,277,273	522,069
	41,173,553	33,636,274
Total other receivables	41,639,941	33,777,511

Other receivables have an average term of six months.

(i) Staff advances

These are unsecured, non-interest bearing and repayable within the next twelve months.

(ii) Related Parties and Subsidiary – short term loans

This is unsecured, bearing London Interbank Offered Rate (LIBOR) plus + 100 basis point (BPS) (2017: (LIBOR) plus + 100 basis point (BPS)) rate of interest per annum and is repayable on demand.

14. OTHER FINANCIAL ASSETS

	2018 S$	2017 S$
Sundry deposits	582,043	533,380
	582,043	533,380

15. CONTRACT COSTS - DEFERRED

	2018 S$	2017 S$
Current	4,005,292	3,913,176
Non-current	412,933	734,269
Total, at cost	4,418,225	4,647,445

These consist of the cost of goods purchased and third party services engaged for use after the reporting date on specific projects.

16. NON-FINANCIAL ASSETS (PREPAYMENTS)

	2018 S$	2017 S$
Contract costs – Prepayments	1,741,127	3,090,321
Other prepayments	333,319	801,447
	2,074,446	3,891,768

17. PLANT AND EQUIPMENT

2018	Computer equipment S$	Computer software S$	Furniture and fittings S$	Office equipment and air-conditioners S$	Total S$
COST					
Balance as at 1.4.2017	10,337,004	837,851	2,028,625	1,159,733	14,363,213
Additions	854,463	340,498	-	48,000	1,242,961
Disposals	(983,259)	-	-	-	(983,259)
Balance as at 31.3.2018	10,208,208	1,178,349	2,028,625	1,207,733	14,622,915
ACCUMULATED DEPRECIATION					
Balance as at 1.4.2017	5,475,580	731,937	1,705,626	928,501	8,841,644
Charged for the year	1,708,425	177,442	145,635	30,618	2,062,120
Disposals	(964,723)	-	-	-	(964,723)
Balance as at 31.3.2018	6,219,282	909,379	1,851,261	959,119	9,939,041
NET BOOK VALUE					
As at 31.3.2018	3,988,926	268,970	177,364	248,614	4,683,874

17. PLANT AND EQUIPMENT (continued)

2017	Computer equipment S$	Computer software S$	Furniture and fittings S$	Office equipment and air-conditioners S$	Total S$
COST					
Balance as at 1.4.2016	9,579,224	837,491	2,025,425	1,162,083	13,604,223
Additions	1,136,455	20,400	3,200	1,240	1,161,295
Disposals	(378,675)	(20,040)	-	(3,590)	(402,305)
Balance as at 31.3.2017	10,337,004	837,851	2,028,625	1,159,733	14,363,213
ACCUMULATED DEPRECIATION					
Balance as at 1.4.2016	4,307,968	649,454	1,624,004	833,740	7,415,166
Charged for the year	1,544,718	102,523	81,622	96,192	1,825,055
Disposals	(377,106)	(20,040)	-	(1,431)	(398,577)
Balance as at 31.3.2017	5,475,580	731,937	1,705,626	928,501	8,841,644
NET BOOK VALUE					
As at 31.3.2017	4,861,424	105,914	322,999	231,232	5,521,569

18. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	2018 S$	2017 S$
Balance at beginning of financial year	12,664	12,664
Addition	-	-
Balance at end of financial year, at fair value	12,664	12,664

This represents a 1% investment in a related party (PT HCL Technologies, Indonesia).

19. INVESTMENT IN A SUBSIDIARY

	2018 S$	2017 S$
Unquoted shares, at cost:-		
Balance at beginning of financial year	10,000	10,000
Allowance for impairment loss	(10,000)	(10,000)
Balance at end of financial year	-	-

(i) Details of the subsidiary are as follows:-

Name of Subsidiary	Principal Activity	Place of Business / Country of Incorporation	Class of Shares Held	Cost 2018 S$	Cost 2017 S$	Percentage of equity held and effective shareholding 2018 %	Percentage of equity held and effective shareholding 2017 %
Axon Solutions Singapore Pte Ltd	IT and hardware consultancy (including system consultancy)	Singapore	Ordinary	10,000	10,000	100	100
Less: Allowance for impairment loss				(10,000)	(10,000)		
Carrying amount at end of the year				-	-		

Movement in allowance for impairment loss is as follows:-

	2018 S$	2017 S$
Beginning of the year	10,000	10,000
Addition	-	-
End of the year	10,000	10,000

The subsidiary is audited by CA Practice PAC, Public Accountants and Chartered Accountants, Singapore.

(ii) Acquisition of subsidiary

There was no acquisition during the financial year.

(iii) Disposal of subsidiary

There was no disposal of subsidiary during the financial year.

20. LOAN RECEIVABLES – REDEEMABLE PREFERENCE SHARES

	2018 S$	2017 S$
Balance at beginning of the financial year	1,340,000	1,340,000
Addition during the financial year	-	-
Balance at end of the financial year	1,340,000	1,340,000
Less: Allowance for impairment of loss	(1,340,000)	(1,340,000)
Balance at end of the financial year	-	-

On 29 June 2015, the Company purchased 1,340 non-cumulative redeemable preference shares at S$1,000 per share from its subsidiary. The shares are mandatorily redeemable at S$1,000 per share on 29 June 2020 or by the subsidiary at any time before that date. The shares are entitled to a fixed income of 4.0% per annum.

Movement in allowance for impairment loss is as follows:-

	2018 S$	2017 S$
Beginning of the year	1,340,000	1,340,000
Addition	-	-
End of the year	1,340,000	1,340,000

21. TRADE PAYABLES

	2018 S$	2017 S$
Trade payables – third parties	8,891,164	9,390,455
Ultimate holding company (Note 21(i))	18,088,224	8,170,476
Related parties (Note 21(i))	3,512,157	-
Advance billing (Note 21(ii))	3,465,408	5,855,676
Trade advance received (Note 21(iii))	85,506	49,941
Total trade payables – current	34,042,459	23,466,548
Non-Current		
Advance billings (Note 21(ii))	210,382	766,607
Total trade payable – non-current	210,382	766,607
Total trade payables	34,252,841	24,233,155
Add: Other payables (Note 22)	6,205,076	7,837,649
Other financial liabilities (Note 23)	4,114,961	5,072,922
Employment encashment compensated absence (Note 24)	7,319,610	7,074,316
Less: Advance billings (Note 21(ii))	(3,675,790)	(6,622,283)
Trade advance received (Note 21(iii))	(85,506)	(49,941)
Total financial liabilities	48,131,192	37,545,818

21. TRADE PAYABLES (continued)

Trade and other payables are non-interest bearing.

Trade payables are normally settled on 90 to 180 days terms.

(i) Ultimate holding company and related parties

The trade balances arose from normal trade transactions. They are unsecured, interest-free and repayable on normal trading terms.

(ii) Advance billings (Trade)

	2018 S$	2017 S$
Current – third parties (Note 21(iii))	3,465,408	5,855,676
Non-current – third parties	210,382	766,607
Total	3,675,790	6,622,283

These represent advances received and receivable upon signing of long term contracts and the undue proportion of the annual maintenance contracts. These are not included in the profit or loss. The unpaid advance billings are reflected in the trade receivables.

(iii) Trade advances received - current

These represent trade advances received which will be used to set off against sales generated after the reporting date.

22. OTHER PAYABLES

	2018 S$	2017 S$
Third parties	1,552,697	5,396,818
Related parties (Note 22(i))	4,652,379	2,440,831
	6,205,076	7,837,649

Other payables have an average term of six months.

(i) Related parties

These are non-trade balances representing advances for working capital. They are unsecured, interest free and repayable on demand.

23. OTHER FINANCIAL LIABILITIES

	2018 S$	2017 S$
Accrual for:-		
Performance bonus	1,392,462	2,124,887
CPF	807,704	651,202
Other operating expenses	1,914,795	2,296,833
	4,114,961	5,072,922

24. EMPLOYEE ENCASHMENT COMPENSATED ABSENCE

	2018 S$	2017 S$
Current		
Employee encashment of compensated absence	3,074,236	1,718,694
Non-current		
Employee encashment of compensated absence	4,245,374	5,355,622
	7,319,610	7,074,316

The Company automatically encashes compensated absences exceeding 45 days by the employee upon completion of a full year service period and any remaining compensated absence less than 45 days is allowed to be carried forward to the next calendar year with no expiry. The compensated absence of an employee upon resignation or retirement from the Company will be paid in full at date of resignation or retirement.

The expected costs of this benefit is accrued based on the present value of the defined compensated absence obligation at the reporting date. The defined compensated absence obligation is calculated annually by an independent actuary using the projected accrued benefit method taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the defined compensated absence obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment. The present value of the defined compensated absence obligation is determined by discounting the estimated future cash outflows using interest rates of high quality fixed interest bonds that are denominated in the currency in which the obligations will be paid, and that have terms to maturity approximating the terms of the related compensated absence liability.

Management has assumed a discount rate of 2.16% based on fixed interest Singapore government bonds. Further, a salary escalation rate of 4% was assumed taking into account inflation, seniority and other relevant factors. The pattern of availment of leave by employees of the Company assumed is 5.3% of the leave balance as at the reporting date and each subsequent year following the reporting date. In addition, management has adopted the Singapore 1997 – 2002 mortality (S9702) data in computing its actuarial liability.

Sensitivity analysis:

The sensitivity of the defined compensated absence obligation to small changes in the principal assumptions of less than 5% is not expected to be material.

25. SHARE CAPITAL

	2018 S$	2017 S$
Issued and fully paid: 2,035,000 (2017: 2,035,000) ordinary shares	2,035,000	2,035,000

All issued ordinary shares are fully paid.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

26. BANK GUARANTEES

(i) At reporting date, the Company has given bank guarantees to its customers for deposits and performance bonds amounting to S$10,904,021 (2017: S$15,183,957).

(ii) The income arising on providing these performance guarantees, as above, is immaterial.

It has therefore not been recognised in the financial statements.

27. DIVIDEND PAID

	2018 S$	2017 S$
Interim dividend for the year 2017 – 2018 at S$3.25 per share, paid on 25 September 2017	6,613,750	-
Interim dividend for the year 2016 – 2017 at S$5.00 per share, paid on 3 August 2016	-	10,175,000
	6,613,750	10,175,000

28. RELATED PARTY TRANSACTIONS

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

	2018 S$	2017 S$
Income:-		
Sales to related parties	16,908,958	16,833,829
Sales to ultimate holding company	3,484,437	4,124,706
Interest income – related parties	1,140,619	589,255
Expenditure:-		
Services from / consulting charges by:-		
- Ultimate holding company	50,963,585	18,141,833
- Related parties	11,544,723	35,679,866
Corporate guarantee fees:-		
- Ultimate holding company	56,978	47,785

Outstanding balances at 31 March 2018, arising from the above transactions are disclosed in Notes 12, 13, 21 and 22 to the financial statements.

The key management personnel comprise Directors whose short-term employment benefits are disclosed under Note 8 to the financial statements.

29. LEASE COMMITMENTS

The Company leases various office premises, office equipment, equipment and applicable software licenses for sublease, under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

(i) The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:-

	2018 S$	2017 S$
Not later than one year	1,106,961	1,086,244
Later than one year but not later than five years	267,381	1,373,965
	1,374,342	2,460,209

(ii) The future minimum sublease payments expected to be received under non-cancellable sublease of equipment and applicable software licenses are as follows:-

	2018 S$	2017 S$
Not later than one year	905,084	507,939
Later than one year but not later than five years	1,363,294	230,436
	2,268,378	738,375

29. LEASE COMMITMENTS (continued)

Option to purchase:

The Company has the option to purchase all but not part of the equipment and applicable software licenses upon the expiration of the lease. If the Company does not exercise this option to purchase at the expiration of the lease, the Company shall return the equipment to the lessor.

The sub-lessee carries the same term of option to purchase.

30. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors of the Company and ultimate holding company reviews and agrees policies and procedures for the management of these risks, which are executed by the local directors and the financial officers of the Company and ultimate holding company.

The undernoted sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents, the Company minimises the credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulting in the Company's exposure to bad debts are being insignificant.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position as disclosed under Note 12 to the financial statements.

No collateral is held for these receivables and these receivables are considered to be reputable and credit worthy.

30. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(a) Credit Risk (continued)

Credit risk concentration profile

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Company's trade receivables at the reporting date is as follows:-

	2018		2017	
	S$	% of Total	S$	% of Total
Singapore	39,077,431	80	31,389,358	79
United States of America	9,410,792	20	8,015,991	20
Others	62,298	0	579,404	1
	48,550,521	100	39,984,753	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Company. Cash and cash equivalents, that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (trade receivables).

(b) Market Risk

(i) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Company monitors its exposure to sales of products and services price risk by setting limits on the type and quantum of jobs that it accepts so as to reduce the level of profitability risk.

Sensitivity analysis for market price risk

The Company is always mindful of the highly competitive business environment. It remains highly competitive by increasing efficiency from synergy within the group.

30. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(b) Market Risk (continued)

(ii) Foreign Currency Risk

The Company has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency (Singapore Dollar) of the Company.

The Company's currency exposure based on the information provided to key management are as follows:-

	2018		
	USD stated in S$	EURO stated in S$	Others stated in S$
Financial Assets			
Trade and other receivables	40,945,900	10,197,383	(1,105,951)
Total financial assets	40,945,900	10,197,383	(1,105,951)
Financial Liabilities			
Trade and other payables	2,831,352	275,650	2,539,450
Other financial liabilities	(178,200)	-	14,965
Total financial liabilities	2,653,152	275,650	2,554,415
Currency exposure on financial assets / (liabilities)	38,292,748	9,921,733	(3,660,366)

30. **FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES** (continued)

(b) **Market Risk** (continued)

(ii) **Foreign Currency Risk** (continued)

	2017		
	USD stated in S$	EURO stated in S$	Others stated in S$
Financial Assets			
Trade and other receivables	32,584,431	9,662,159	(1,101,872)
Total financial assets	32,584,431	9,662,159	(1,101,872)
Financial Liabilities			
Trade and other payables	6,934,175	763,345	2,314,944
Other financial liabilities	462,551	-	14,965
Total financial liabilities	7,396,726	763,345	2,329,909
Currency exposure on financial assets and (liabilities)	25,187,705	8,898,814	(3,431,781)

Sensitivity analysis for foreign currency risk

As at 31 March 2018, if the USD and Euro has strengthened/weakened by 3% (2017: 3%) against the SGD with another variables including tax rates being held constant, the profit after tax of the Company would have been higher/lower by S$1,200,540 (2017: S$848,754) respectively as a result of currency translation gains/losses on USD and Euro denominated balances.

(iii) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company does not have any interest-bearing borrowing at the reporting date.

Sensitivity analysis for interest rate risk

The Company has no significant interest rate risk sensitivity of the reporting date.

30. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(c) Liquidity Risk

The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities. The Directors also keep committed credit lines available.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Cash Flows		
2018	One year or less S$	Two to five years S$	Total S$
Trade payables	30,491,545	-	30,491,545
Other payables	6,205,076	-	6,205,076
Other financial liabilities	4,114,961	-	4,114,961
Employee encashment compensated absence	3,074,236	4,245,374	7,319,610
Total	43,885,818	4,245,374	48,131,192

	Cash Flows		
2017	One year or less S$	Two to five years S$	Total S$
Trade payables	17,560,931	-	17,560,931
Other payables	7,837,649	-	7,837,649
Other financial liabilities	5,072,922	-	5,072,922
Employee encashment compensated absence	1,718,694	5,355,622	7,074,316
Total	32,190,196	5,355,622	37,545,818

30. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(d) Fair value of financial assets and financial liabilities

The following table represents assets and liabilities measured at fair value and classified by the following fair value measurement hierarchy :

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(iv) The following table presents the assets measured at fair value at the reporting date:-

2018 and 2017

	Level 1	Level 2	Level 3	Total
Assets	S$	S$	S$	S$
Financial assets, available-for-sale :-				
- Equity securities	-	-	12,664	12,664
Total assets	-	-	12,664	12,664

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Notes 12 and 21 to the financial statements.

31. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and short-term deposits. Capital includes total equity.

	2018 S$	2017 S$
Trade payables (Note 21)	34,252,841	24,233,155
Other payables (Note 22)	6,205,076	7,837,649
Other financial liabilities (Note 23)	4,114,961	5,072,922
Employee encashment compensated absence (Note 24)	7,319,610	7,074,316
Less: - Cash and short-term deposits (Note 11)	(4,333,340)	(10,736,528)
Net debt	47,559,148	33,481,514
Total Equity	51,410,338	49,150,125
Total Capital	51,410,338	49,150,125
Capital and net debt	98,969,486	82,631,639
Gearing ratio (%)	48%	41%

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Director of the Company on 27 August 2018.