NIIT TECHNOLOGIES PTE. LTD.

(Company Registration No. 199503929E)

Financial Statements For The Year Ended March 31, 2019

NIIT Technologies Pte. Ltd.
(Incorporated in the Republic of Singapore)

Directors

Abhishek Avinash Sehgal	(Appointed on 08.08.2018)
N Sriram	
Anoop Raja	(Resigned on 15.08.2018)

Secretary
N Sriram

Registered Office
31 Kaki Bukit Road 3
#05-08 Techlink
Singapore 417818

Auditors
Natarajan & Swaminathan
Chartered Accountants of Singapore
1 North Bridge Road
#19-04/05 High Street Centre
Singapore 179094

Index

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2019.

1 Directors

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

Abhishek Avinash Sehgal
N Sriram

2 Arrangements to enable directors to acquire shares and debentures

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

3 Directors' interest in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act.

4 Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

5 Auditors

The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

6 Directors' opinion

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; 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.

On behalf of the board of directors

Abhishek Avinash Sehgal

N Sriram

Date: May 2, 2019

NATARAJAN & SWAMINATHAN
CHARTERED ACCOUNTANTS OF SINGAPORE

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NIIT TECHNOLOGIES PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NIIT TECHNOLOGIES PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and 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 Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2019 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 (SSA). 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 set out on pages 1 to 2.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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 FRS, 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 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 SSA 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 SSA, 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.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NIIT TECHNOLOGIES PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
(Incorporated in the Republic of Singapore)

Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- 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.

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.

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 2, 2019

NIIT Technologies Pte. Ltd.

Statement of Financial Position

As at March 31, 2019

	Note	2019	2018
		S$	S$
Assets			
Non-current assets			
Plant and equipment	3	143,393	29,644
Capitalised software	4	-	-
Investment in subsidiaries	5	16,400,354	16,400,354
Deferred tax asset	6	378,000	556,200
Total non-current assets		16,921,747	16,986,198
Current assets			
Trade receivables	7	3,904,074	4,060,208
Contract assets	8	1,730,443	989,279
Other receivables	9	200,441	114,283
Prepayments		630	24,918
Tax receivable		10,040	14,161
Cash and bank balances	10	3,061,065	3,233,117
Total current assets		8,906,693	8,435,966
Total assets		25,828,440	25,422,164
Equity and liabilities			
Equity			
Share capital	11	16,614,375	16,614,375
Accumulated profits		5,290,989	4,515,086
General reserve		450,000	450,000
Total equity		22,355,364	21,579,461
Current liabilities			
Trade payables and accruals	12	2,585,225	1,526,150
Other payables	13	301,595	1,617,426
Provision for unutilised leave	14	190,902	178,820
Contract liabilities	8	395,354	520,307
Total current liabilities		3,473,076	3,842,703
Total liabilities		3,473,076	3,842,703
Total equity and liabilities		25,828,440	25,422,164

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	Note	2019	2018
		S$	S$
Revenue	15	11,160,821	11,605,622
Other income	16	598,406	141,346
Software development charges		(3,913,234)	(3,034,320)
Purchases of hardwares and softwares		(1,087,154)	(1,299,999)
Salaries and employee benefits	17	(4,673,687)	(5,353,695)
Training and recruitment		(20,520)	(19,836)
Rental on operating leases		(119,182)	(171,835)
Foreign currency loss		-	(93,333)
Travelling expenses		(237,221)	(153,665)
Telecommunication		(95,336)	(100,179)
Depreciation of plant and equipment	3	(60,318)	(16,891)
Other operating expenses		(586,796)	(582,283)
Finance cost	18	(1,726)	(384)
Profit before income tax	19	964,053	920,548
Income tax expense	20	(188,150)	(188,800)
Profit after income tax		775,903	731,748
Other comprehensive income		-	-
Total comprehensive income for the year		775,903	731,748

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	Share capital	Accumulated profits	General reserve	Total
	S$	S$	S$	S$
Balance as at 01.04.2017	16,614,375	3,783,338	450,000	20,847,713
Total comprehensive income for the year	-	731,748	-	731,748
Balance as at 31.03.2018	16,614,375	4,515,086	450,000	21,579,461
Total comprehensive income for the year	-	775,903	-	775,903
Balance as at 31.03.2019	16,614,375	5,290,989	450,000	22,355,364

The annexed accounting policies and explanatory notes form an integral part of the financial statements

	2019	2018
	S$	S$
Cash flows from operating activities		
Profit before income tax	964,053	920,548
Adjustments for:-		
Depreciation of plant and equipment	60,318	16,891
Provision for unutilised leave	26,000	(28,000)
Interest expense	1,726	384
Interest income	(6,779)	(2,577)
Operating profit before working capital changes	1,045,318	907,246
Trade receivables	156,134	(576,133)
Contract assets	(741,164)	69,047
Other receivables and prepayments	(60,027)	(4,133)
Trade payables and accruals	1,059,075	(260,990)
Other payables	84,553	(394)
Provision for unutilised leave - utilised/paid	(13,918)	(2,248)
Contract liabilities	(124,953)	221,817
Cash generated from operations	1,405,018	354,212
Interest paid	(2,110)	-
Interest received	4,936	1,993
Income tax paid	(5,829)	(17,161)
Net cash from operating activities	1,402,015	339,044
Cash flows from investing activities		
Purchase of plant and equipment	(174,067)	(1,458)
Net cash used in investing activities	(174,067)	(1,458)
Cash flows from financing activities		
Increase in fixed deposits pledged	198,363	(274,002)
Other payables - subsidiary	(1,400,000)	1,400,000
Net cash (used in)/from financing activities	(1,201,637)	1,125,998
Net increase in cash and cash equivalents	26,311	1,463,584
Cash and cash equivalents brought forward	2,348,237	884,653
Cash and cash equivalents carried forward	2,374,548	2,348,237
Cash and cash equivalents comprise:-		
Cash at banks	2,374,548	2,348,237
	2,374,548	2,348,237

The annexed accounting policies and explanatory notes form an integral part of the financial statements

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

1 Corporate information

The Company (Registration No. 199503929E) is a private limited Company incorporated and domiciled in Singapore.

The registered office and principal place of business are at 31 Kaki Bukit Road 3, #05-08 Techlink, Singapore 417818.

The principal activities of the Company are development and distribution of computer software and the provision of consultancy, training and support services.

Holding company

The Company is a wholly owned subsidiary of NIIT Technologies Ltd, a company incorporated in the Republic of India.

Branch office

The Company has registered a Branch in Hong Kong and the revenue and expenses of the branch has been incorporated in the financial statements.

Subsidiaries

Refer to Note 5 to the financial statements.

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

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of NIIT Technologies Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of NIIT Technologies Ltd, a company incorporated in India, which prepares consolidated financial statements available for public use. The registered office of NIIT Technologies Ltd is as follows:

8 Balaji Estate
Guru Ravidas Marg, Kalkaji
New Delhi 110019

The financial statements are expressed in Singapore Dollar (S$) and are 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 accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year.

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer Note 2(b) to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 40	(Amendments)	:	Transfers of Investment Property
FRS 102	(Amendments)	:	Classification and Measurement of Share-based Payment Transactions
FRS 109		:	Financial Instruments
FRS 115	(Amendments)	:	Revenue from Contracts with Customers
Improvements to FRSs			
FRS 101	(Amendments)	:	First-time Adoption of Financial Reporting Standards

Adoption of new and amended standards and interpretations

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018 and there is no material effect or adjustments that arises from the adoption of FRS 115. Consequently no comparative for the 2018 financial year have been impacted or restated.

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

FRS 109 Financial Instruments *(Cont'd)*

The Company applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39.

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

The nature of the adjustments are described below:

(i) Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Company's financial assets:

- Trade and other receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2018.

  There is no effect as a result of the change in classification.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

(i) Classification and measurement *(Cont'd)*

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

		FRS 109 measurement category
		Amortised cost
FRS 39 measurement category	S$	S$
Loans and receivables		
Trade receivables	4,060,208	4,060,208
Other receivables	114,283	114,283
		4,174,491

(ii) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Company has assessed there is no material expected credit losses that needs to be provided for.

b) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management is of the opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the years that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

2 Significant accounting policies *(Cont'd)*

b) Critical judgements in applying the entity's accounting policies *(Cont'd)*

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Foreign currency transactions

(i) Functional currency

The functional currency of the Company is Singapore Dollar, being the primary currency in which the Company transacts its sales and purchases.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2 Significant accounting policies *(Cont'd)*

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost and accumulated depreciation and impairment loss are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

e) Depreciation of plant and equipment

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over their estimated useful lives as follow:-

Furniture & fittings	-	3 to 5 years
Office equipment	-	3 years
Computer equipment	-	1 to 3 years

Fully depreciated assets still in use are retained in the financial statements.

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

f) Capitalised software

Capitalised software is stated at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation is calculated so as to write off the cost of the capitalised software over the estimated useful life of 5 years from the date of purchase.

g) Investment in subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

h) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its plant and equipment, capitalised software and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 Significant accounting policies *(Cont'd)*

h) Impairment of non-financial assets *(Cont'd)*

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Financial instruments

<u>These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:</u>

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Initial recognition and measurement

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's relevant financial assets category are financial assets at amortised cost.

<u>Financial assets at amortised cost</u>

The Company measures financial assets at amortised cost if both of the following conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade and other receivables.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Impairment of financial assets

The Company makes judgmental assessment for financial asset in default when contractual payments are past due.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification.
After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

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

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

Effective interest method *(Cont'd)*

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified as one of the financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Recognition

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at the time of initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year end.

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

As of year end the Company has the following classes of financial assets:-

- *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 presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position. They are presented as current assets, except for those maturing 12 months after the financial position date, which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For short term receivables the nominal cost would approximate the fair value.

  Unbilled receivables are stated based on revenue recognised using the percentage completion method for uncompleted projects. Costs include sub-contractor fees and salaries directly attributable to project activities. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately in profit or loss.

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

Impairment *(Cont'd)*

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if any, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities include trade payables on normal trade terms, other payables and interest-bearing loans and borrowings.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. For short term payables the cost approximates the fair value.

Interest-bearing bank loans and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for finance costs.

2 Significant accounting policies *(Cont'd)*

i) Financial instruments *(Cont'd)*

Financial liabilities *(Cont'd)*

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

j) Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of unpledged fixed deposits and cash at banks.

l) Contract liabilities

A contract liabilities are the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position 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. Where 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 as a finance cost.

n) Related party

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 its holding Company.

2 Significant accounting policies *(Cont'd)*

n) Related party *(Cont'd)*

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, classified as related company);

(ii) One entity is an associate or 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;

(iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;

(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); and

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or its holding company.

o) Revenue recognition

<u>These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:</u>

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers, if any.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company revenue is generated from its sale of hardwares, softwares and licences; provision of consultancy services and provision of maintenance and software support services. Revenue from sale of hardwares, softwares and licences are recognised when they are delivered to the customer and all criteria for acceptance are satisfied. Revenue from consultancy services are recognised as and when services are rendered over the time period. Revenue from maintenance and software support are recognised based upon the period/ time of usage.

The Company does not provide any volume discount nor has any sales with right of return.

2 Significant accounting policies *(Cont'd)*

o) Revenue recognition *(Cont'd)*

The amount of revenue recognised is based on the transaction price, which comprises the contractual price and adjusted for expected returns. Based on Company's experience variable consideration (i.e. right to returns) is typically constrained and is included in the transaction only to the extent that is highly probable that is significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company's revenue is recognised based on the following criteria:

(i) Revenue from rendering of services

(a) Time-and-material contracts

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

(b) Fixed price contracts

Revenue related to contracts providing maintenance and support services, is recognised over the term of the contract. Revenue related to fixed price contracts is recognised in accordance with the percentage of completion method (PCM). The input (efforts expended) method is used to measure progress towards completion, as there is a direct relationship between input and productivity. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in cost of services and a corresponding provision is made.

For services accounted for under the PCM method, cost and earnings in excess of billing are classified as unbilled revenue, while billing in excess of cost and earnings are classified as deferred revenue.

(ii) Sale of products

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognised when installation of product at customer site is completed and accepted by the customer.

If the revenue for a delivered item is not recognised for non-receipt of acceptance from the customer, the cost of the delivered item is also deferred. Revenue from maintenance services is recognised ratably over the period of the contract.

2 Significant accounting policies *(Cont'd)*

o) Revenue recognition *(Cont'd)*

(ii) Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence if available, third party evidence if vendor specific evidence is not available, or estimated selling price if neither vendor specific objective nor third party evidence is available.

The best estimate of selling price is established considering internal factors such as margin objectives, pricing practices and customer segment pricing strategies. Consideration is also given to market conditions such as competitor pricing strategies. In multiple-element arrangements, revenue is allocated to each separate unit of accounting using the relative selling price of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration is allocated to each software deliverable based on its fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer specified return or refund privileges.

Certain upfront non-recurring contract acquisition costs incurred in the initial phases of contracts are deferred and amortised usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortised costs. If the unamortised costs exceed the undiscounted cash flow, a loss is recognised.

When revenue is derived from sales of third party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

<u>These accounting policies are applied before the initial application date of FRS 115, 1 April 2018:</u>

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of value added tax, rebates, discounts and sales returns.

2 Significant accounting policies *(Cont'd)*

o) Revenue recognition *(Cont'd)*

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. The criteria for the revenue recognition is as per para (i) to (iii) as disclosed in the preceding section on accounting policies applied after the initial application date of FRS 115, 1 April 2018.

p) Other income

Other income is recognised on the following basis:

Interest income

Interest income is recognised using the effective interest method.

Government grant

Government grant is recognised upon receipt basis.

q) Employee benefits

Retirement benefit costs

As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

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

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

r) Operating lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

s) Finance costs

Interest expense and similar charges are expensed in the profit or loss in the year in which they are incurred.

2 Significant accounting policies *(Cont'd)*

t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

u) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

3 Plant and equipment

2019	Furniture & fittings	Office equipment	Computer equipment	Total
	S$	S$	S$	S$
Cost				
At April 1, 2018	329,464	7,620	136,245	473,329
Disposals	(325,552)	-	(33,637)	(359,189)
Additions	174,067	-	-	174,067
At March 31, 2019	177,979	7,620	102,608	288,207
Depreciation				
At April 1, 2018	329,464	7,620	106,601	443,685
Disposals	(325,552)	-	(33,637)	(359,189)
Charge for the year	43,474	-	16,844	60,318
At March 31, 2019	47,386	7,620	89,808	144,814
Net book value				
At March 31, 2019	130,593	-	12,800	143,393

2018	Furniture & fittings	Office equipment	Computer equipment	Total
	S$	S$	S$	S$
Cost				
At April 1, 2017	329,464	7,620	134,787	471,871
Additions	-	-	1,458	1,458
At March 31, 2018	329,464	7,620	136,245	473,329
Depreciation				
At April 1, 2017	329,464	7,620	89,710	426,794
Charge for the year	-	-	16,891	16,891
At March 31, 2018	329,464	7,620	106,601	443,685
Net book value				
At March 31, 2018	-	-	29,644	29,644

4 Capitalised software

	2019	2018
	S$	S$
At cost:		
At beginning of year	29,708	29,708
Disposal during the year	(29,708)	-
At end of year	-	29,708
Accumulated amortisation:		
At beginning of year	29,708	29,708
Disposal during the year	(29,708)	-
At end of year	-	29,708
Net book value	-	-

5 Investment in subsidiaries

	2019	2018
	S$	S$
Unquoted equity shares, at cost	17,536,122	17,536,122
Less: Accumulated impairment loss	(1,135,768)	(1,135,768)
Net book value	16,400,354	16,400,354

Details of the subsidiaries:-

Name of subsidiaries	Country of incorporation	Principal activities	Percentage of equity held		Cost	
			2019	2018	2019	2018
			%	%	S$	S$
NIIT Technologies Ltd (*)	Thailand	Distribution of computer software and the provision of consultancy, training and support services	99.98	99.98	539,333	539,333
NIIT Technologies Pty Ltd (*)	Australia	Distribution of computer software and the provision of consultancy, training and support services	100	100	16,996,789	16,996,789
					17,536,122	17,536,122

(*) Audited by another firm of auditors.

6 Deferred tax asset

The movement in the deferred tax asset is as follows:

	Accelerated tax depreciation	Unutilised tax loss and capital allowance	Provision for leave and other items	Total
	S$	S$	S$	S$
At April 1, 2017	28,000	655,000	42,000	725,000
(Debit)/Credit to profit or loss	2,800	(178,000)	6,400	(168,800)
At March 31, 2018	30,800	477,000	48,400	556,200
(Debit)/Credit to profit or loss	10,200	(196,000)	7,600	(178,200)
At March 31, 2019	41,000	281,000	56,000	378,000

7 Trade receivables

	2019	2018
	S$	S$
Outside parties	3,921,793	4,072,589
Less: Allowance for doubtful debts		
- Balance at beginning of year	28,131	28,131
- Charge for the year	320	-
- Balance at end of year	28,451	28,131
	3,893,342	4,044,458
Related party	10,732	15,750
	3,904,074	4,060,208

The average credit period for services rendered is 45 days to 60 days (2018:45 days to 60 days). No interest is charged on the trade receivables.

The table below is an analysis of trade receivables aging as at March 31:

	2019	2018
	S$	S$
Not past due	2,200,483	2,515,387
Past due 1 to 45 days	889,210	847,967
Past due 45 to 365 days	814,381	696,533
Past due more than 365 days	-	321
	3,904,074	4,060,208

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable. Allowance for doubtful debts is made for receivables that the management deems has credit risk and is doubtful of full recovery. Trade receivables deemed as with credit risk relates to mainly debtors that have defaulted in payments, balances that are past due for more than 365 days, or have no further transactions with the Company. These receivables were not secured by any collateral or credit enhancement. The allowances are charged to profit or loss.

The trade receivables that are not denominated in Singapore Dollar are as follows:

	2019	2018
	S$	S$
Chinese Renminbi	303,996	187,665
Hong Kong Dollar	1,110,898	552,747
Japanese Yen	-	23,247
United States Dollar	709,834	918,014

8 Contract assets and liabilities

	2019	2018
	S$	S$
Contract assets		
Unbilled receivables	1,730,443	989,279
Contract liabilities		
Deferred revenue	395,354	520,307

9 Other receivables

	2019	2018
	S$	S$
Related companies	136,439	38,416
Advance to employees	26,163	29,977
Interest receivables	2,795	952
Deposits	35,044	44,938
	200,441	114,283

The amount due from related companies are unsecured, interest free and repayable on demand.

The other receivables that are not denominated in Singapore Dollar are as follows:

	2019	2018
	S$	S$
Hong Kong Dollar	334	2,192
United States Dollar	12,569	12,062

10 Cash and bank balances

	2019	2018
	S$	S$
Fixed deposits	686,517	884,880
Cash at banks	2,374,548	2,348,237
	3,061,065	3,233,117

Fixed deposits interest rate as at year end is about 0.65% (2018:0.65%) per annum.

The fixed deposits maturity from year end is between 1 month to 11 months (2018: 1 month to 11 months).

Fixed deposits are pledged to the bank for bankers' guarantee given to the Company. Refer Note 22 to the financial statements.

The cash and bank balances that are not denominated in Singapore Dollar are as follows:

	2019	2018
	S$	S$
Hong Kong Dollar	243,333	273,453
United States Dollar	250,579	141,354

11 Share capital

	2019 No. of shares issued	2019 S$	2018 No. of shares issued	2018 S$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	16,614,375	16,614,375	16,614,375	16,614,375

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

12 Trade payables and accruals

	2019 S$	2018 S$
Trade payables:		
- Outside parties	52,949	128,870
- Holding company	1,082,385	66,928
- Subsidiary	27,670	-
- Related companies	660,931	355,876
- Related parties	33,804	31,180
GST payable	132,428	180,355
Accrued operating expenses	595,058	762,941
	2,585,225	1,526,150

The credit term for goods purchased is about 30 days (2018:30 days).

The trade payables and accruals that are not denominated in Singapore Dollar are as follows:

	2019 S$	2018 S$
Great Britain Pound	-	35,576
Hong Kong Dollar	12,039	28,804
Malaysian Ringgit	2,337	2,387
Thailand Bhat	27,670	-
United States Dollar	748,399	475,315

13 Other payables

	2019 S$	2018 S$
Sundry payables	301,595	217,042
Subsidiary:		
- loan	-	1,400,000
- interest	-	384
	301,595	1,617,426

13 Other payables *(Cont'd)*

The loan from subsidiary bore interest at 2.5% per annum and was repayable within one year.

The other payables that are not denominated in Singapore Dollar are as follows:

	2019	2018
	S$	S$
Hong Kong Dollar	28,687	39,026

14 Provision for unutilised leave

	2019	2018
	S$	S$
Balance at beginning of year	178,820	209,068
Charge/(Reversal) during the year	26,000	(28,000)
Utilised during the year	(13,918)	(2,248)
Balance at end of year	190,902	178,820

15 Revenue

	2019	2018
	S$	S$
Services rendered	11,160,821	11,605,622
Timing of revenue recognition:		
Over time	11,160,821	11,605,622

There is no variable consideration recognised during the financial year.

16 Other income

	2019	2018
	S$	S$
Foreign exchange gain	34,483	-
Government grant - temporary employment credit	11,092	5,962
Interest income from banks	6,779	2,577
Miscellaneous income	45,887	14
Other costs recovered	500,165	132,793
	598,406	141,346

17 Salaries and employee benefits

Salaries and employee benefits for the financial year ended March 31;

	2019	2018
	S$	S$
Salaries and wages	4,300,646	4,906,193
CPF contributions (defined)	240,525	223,733
Staff welfare	132,516	223,769
	4,673,687	5,353,695

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2019	2018
	S$	S$
Salaries and other employee benefits	216,617	181,688

18 Finance cost

	2019	2018
	S$	S$
Interest expense - subsidiary	1,726	384

19 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):

	2019	2018
	S$	S$
Allowance for doubtful debts - trade (outside parties)	320	-
Foreign exchange (gain)/loss	(34,483)	93,333
Rental on operating lease:		
- Gross	133,585	171,835
- Recoveries from employees	(14,403)	-

20 Income tax expense

	2019	2018
	S$	S$
Current year	-	-
Deferred tax	178,200	168,800
Foreign tax	9,950	20,000
	188,150	188,800

20 Income tax expense *(Cont'd)*

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	2019	2018
	S$	S$
Profit before income tax	964,053	920,548
Tax expense at rate of 17%	163,889	156,493
Non-deductible items	-	2,972
Deferred tax asset:		
- Current year (over)/under provision	(1,162)	8,700
- Prior year over provision	28,379	20,589
Effect of difference in tax rate	(379)	46
Others	(2,577)	-
Income tax expense for the financial year	188,150	188,800

As at statement of financial position date, the Company had unutilised tax losses and capital allowances of approximately S$1,650,000 (2018:S$2,640,000) which are available for set off against the future taxable profits, subject to compliance with Section 37 of the Income Tax Act, Cap.134 and agreement by the Comptroller of Income Tax.

21 Holding company, subsidiaries, related companies and parties transactions

Some of the Company's transactions and arrangement are with holding company, subsidiaries, related companies and related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.

During the year, the Company entered into the following trading transactions:

	2019	2018
	S$	S$
Holding Company		
Offshore software development charges paid	3,042,210	2,988,536
Management fees paid	96,280	63,577
Other costs paid	32,177	27,493
Subsidiaries		
Interest expense on loan	1,726	384
Other costs paid	27,653	-
Related companies		
Offshore software development charges paid	1,240,288	486,775
Other costs recovered	476,174	117,043
Other costs paid	-	8,011

21 Holding company, subsidiaries, related companies and parties transactions *(Cont'd)*

	2019	2018
	S$	S$
Related parties		
Other costs recovered	110,728	15,750
Professional services (expense)	184,164	171,969
Management fees paid	10,042	-
Other costs paid	16,502	-

22 Commitments

(a) Operating lease commitments - as lessee

The Company leases premises for office space and staff accommodation under non-cancellable operating lease agreements.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2019	2018
	S$	S$
Rental expense:		
Within 1 year	88,917	11,943
Within 2 to 5 years	95,394	-
	184,311	11,943

(b) Other commitments

	2019	2018
	S$	S$
Banker's guarantee	418,570	611,027

The bankers' guarantee is secured by the pledge of the Company's fixed deposits (refer to Note 10 to the financial statements).

The directors do not foresee crystallisation of these guarantees in the foreseeable future.

23 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	2019	2018
	US$	US$
Financial assets		
Amortised cost:		
- Trade receivables	3,904,074	4,060,208
- Other receivables	200,441	114,283
Cash and bank balances	3,061,065	3,233,117
Total financial assets	7,165,580	7,407,608

23 Financial instruments, financial and capital risk management *(Cont'd)*

(a) Categories of financial instruments *(Cont'd)*

	2019	2018
	US$	US$
Financial liabilities		
Amortised cost:		
- Trade payables and accruals *(excluding GST)*	2,452,797	1,345,795
- Other payables	301,595	1,617,426
Total financial liabilities	2,754,392	2,963,221

(b) Fair value measurements

Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of 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).

There are no financial assets measured at fair value.

Assets and liabilities not measured at fair value

(i) *Trade receivables and trade payables*

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

(ii) *Other receivables, cash and bank balances and other payables*

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

(c) Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk, credit risk and market risk (including interest rate risk, foreign currency risk and price risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

23 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company has no significant liquidity risk as it maintains a level of cash and bank balances that is sufficient for working capital purpose.

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

		Cash flows		
	Carrying amount	Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S$	S$	S$	S$
2019				
Financial assets				
Trade receivables	3,904,074	3,904,074	3,904,074	-
Other receivables	200,441	200,441	200,441	-
Cash and bank balances	3,061,065	3,061,065	3,061,065	-
Total undiscounted financial assets	7,165,580	7,165,580	7,165,580	-
Financial liabilities				
Trade payables and accruals	(2,452,797)	(2,452,797)	(2,452,797)	-
Other payables	(301,595)	(301,595)	(301,595)	-
Total undiscounted financial liabilities	(2,754,392)	(2,754,392)	(2,754,392)	-
Total net undiscounted financial liabilities	4,411,188	4,411,188	4,411,188	-
2018				
Financial assets				
Trade receivables	4,060,208	4,060,208	4,060,208	-
Other receivables	114,283	114,283	114,283	-
Cash and bank balances	3,233,117	3,233,117	3,233,117	-
Total undiscounted financial assets	7,407,608	7,407,608	7,407,608	-
Financial liabilities				
Trade payables and accruals	(1,345,795)	(1,313,839)	(1,313,839)	-
Other payables	(1,617,426)	(1,652,042)	(1,652,042)	-
Total undiscounted financial liabilities	(2,963,221)	(2,965,881)	(2,965,881)	-
Total net undiscounted financial liabilities	4,444,387	4,441,727	4,441,727	-

23 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash at bank), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 365 days past the credit due dates, or there is significant difficulty of the counterparty, or no further transactions with the Company.

Cash at banks are placed with credit worthy financial institutions.

Trade and other receivables

There are no other financial assets other than trade receivables that has probable credit loss due to past due balances. The Company has determined the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, default in payments, trend of transactions in the past year and also information of the parties in the industry. The Company accordingly measured the impairment loss allowance using the lifetime ECL. The management has estimated an allowance for credit loss of S$28,451 based on the balances that are outstanding for more than 365 days. The management has not made any further allowance for credit risk as of April 1, 2018 other than the allowance already provided of S$28,131 in past year, as it considers the amount not significant.

As at statement of financial position date, the Company has no significant exposure of credit risk in relation to certain external debtors. The Company's trade receivables of outside parties include a customer's balance that comprise 52% (2018: a customer's balance that comprise 47%) of the total outside parties' trade receivables and contract assets. Except for the receivables from these customers, the other customers' balances are spread across various parties. The management does not foresee any risk of default by these parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources except the loan from its subsidiary that bears a fixed rate of interest. Thus the Company has no significant risk of any changes in the interest rate.

23 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Interest rate risk (Cont'd)

The Company has interest bearing fixed deposits. However with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the Company.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from its consultancy services rendered or purchases that are mainly invoiced in Hong Kong Dollar and United States Dollar. The management monitors closely these foreign currency debtors and creditors and recovers or pays the amount at the earliest to minimise the foreign exchange risk.

As at financial year end, the carrying value of the monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

Any increase or decrease in the following foreign currencies will have an impact on the financial statements:

	2019	2018
	S$	S$
Increase in the rate of the foreign currencies by 10% against Singapore Dollar will increase/(decrease) profit before tax by the following amount:		
Chinese Renminbi	30,000	18,000
Great Britain Pound	-	(4,000)
Hong Kong Dollar	131,000	77,000
Japanese Yen	-	2,000
United States Dollar	22,000	60,000

A corresponding decrease in the rate of foreign currencies against Singapore Dollar will have a vice versa effect on the profit before tax of the Company by the same amount.

The effect of fluctuation in the other foreign currencies will have no or very minimal impact on the financial results of the Company.

Price risk

The Company has no significant exposure to price risk.

(d) Capital risk management

The management considers the capital of the Company to mainly consist of share holders' equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

23 Financial instruments, financial and capital risk management *(Cont'd)*

(d) Capital risk management *(Cont'd)*

As part of the management's review of the capital structure, the management considers the cost of capital and the risks associated with each class of capital. The management will balance its overall capital structure through the payment of dividends, new issue of shares, obtaining new loans or repayment of loans.

The management's overall strategy remains unchanged from 2018.

24 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective:

				Effective from annual periods beginning on or after
FRS 28	(Amendments)	:	Long-term Interests in Associates and Joint Ventures	January 1, 2019
FRS 109	(Amendments)	:	Prepayment Features with Negative Compensation	January 1, 2019
FRS 116		:	Leases	January 1, 2019
Improvements to FRSs				
Annual Improvements to FRS (March 2018)				January 1, 2019
FRS 12	(Amendments)	:	Income Taxes	January 1, 2019
FRS 23	(Amendments)	:	Borrowing Costs	January 1, 2019
FRS 103	(Amendments)	:	Business Combinations	January 1, 2019
FRS 111	(Amendments)	:	Joint Arrangements	January 1, 2019
FRS 123		:	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

25 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 2, 2019.

NIIT Technologies Pte. Ltd.

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only And

Does Not Form Part Of The Audited Financial Statements

NIIT Technologies Pte. Ltd.

Detailed Income Statement *For the financial year ended March 31, 2019*

	2019	2018
	S$	S$
Revenue		
Services rendered	11,160,821	11,605,622
Other income		
Foreign exchange gain	34,483	-
Government grant - temporary employment credit	11,092	5,962
Interest income from banks	6,779	2,577
Miscellaneous income	45,887	14
Other costs recovered	500,165	132,793
	598,406	141,346
Software development charges	(3,913,234)	(3,034,320)
Purchases of hardwares and softwares	(1,087,154)	(1,299,999)
Salaries and employee benefits		
Salaries and wages	(4,300,646)	(4,906,193)
CPF contributions (defined)	(240,525)	(223,733)
Staff welfare	(132,516)	(223,769)
	(4,673,687)	(5,353,695)
Training and recruitment	(20,520)	(19,836)
Rental on operating leases	(119,182)	(171,835)
Foreign currency loss	-	(93,333)
Travelling expenses	(237,221)	(153,665)
Telecommunication	(95,336)	(100,179)
Depreciation of plant and equipment	(60,318)	(16,891)

.... Cont'd

NIIT Technologies Pte. Ltd.

Detailed Income Statement *For the financial year ended March 31, 2019*

	2019	2018
	S$	S$
Other operating expenses		
Allowance for doubtful debts - trade (outside parties)	(320)	-
Bank and financial expenses	(23,225)	(32,114)
Brokerage charges	(10,020)	(10,200)
Business promotion	(8,428)	(9,001)
Conveyance	(50,800)	(78,331)
Insurance expenses	(34,416)	(37,042)
Management services	(106,322)	(63,577)
Miscellaneous expenses	(94,192)	(67,866)
Postal and courier charges	(4,131)	(6,314)
Printing and stationery	(10,237)	(15,290)
Professional and legal expenses	(163,238)	(172,276)
Rates and taxes	-	(17,488)
Repairs and maintenance	(59,001)	(34,429)
Subscription and membership fee	(1,300)	(998)
Utility charges	(21,166)	(37,357)
	(586,796)	(582,283)
Finance cost		
Interest expense - subsidiary	(1,726)	(384)
Profit before income tax	964,053	920,548
Income tax expense:		
- Current year	-	-
- Deferred tax expense	(178,200)	(168,800)
- Foreign tax	(9,950)	(20,000)
Profit after income tax	775,903	731,748
Other comprehensive income	-	-
Total comprehensive income for the year	775,903	731,748

Not Part Of Audited Financial Statements