

3I INFOTECH ASIA PACIFIC PTE. LTD.
(Company Registration Number: 200009499R)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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3I INFOTECH ASIA PACIFIC PTE. LTD.

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The directors are pleased to present their statement to the members together with the audited financial statements of 3i Infotech Asia Pacific Pte. Ltd. (the "Company") for the financial year ended 31 March 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Mrinal Manoj Ghosh
Mahalakshmi Selvakana Pathy
Gaurav Singh
Giri Mohana Krishnan Natarajan
Padmanabhan Nemmara Ranganathan Iyer
Suryanarayan Kasichainula

3. 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 are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations, except as follows:

| | <u>Shares in which director is deemed to have an interest</u> | |
|--|---|----------------------|
| | <u>At 01.04.2020</u> | <u>At 31.03.2021</u> |
| Ultimate holding company:- <u>3I Infotech Limited</u> | | |
| <u>No. of ordinary shares</u> | | |
| Padmanabhan Nemmara Ranganathan Iyer | 1,920 | 1,920 |
| Mrinal Manoj Ghosh | 300 | 300 |
| Suryanarayan Kasichainula | 10,000 | 10,000 |

3I INFOTECH ASIA PACIFIC PTE. LTD.

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

| | <u>Shares in which director is deemed to have an interest</u> | |
|--|---|----------------------|
| | <u>At 01.04.2020</u> | <u>At 31.03.2021</u> |
| Ultimate holding company:- <u>3I Infotech Limited</u> | | |
| <u>Unissued employees stock option</u> | | |
| Padmanabhan Nemmara Ranganthan Iyer | 3,705,000 | 3,705,000 |
| Mrinal Manoj Ghosh | 1,335,000 | 1,335,000 |
| Suryanarayan Kasichainula | 1,950,000 | 1,950,000 |
| Gaurav Singh | 16,500 | 16,500 |

In addition, Mr Padmanabhan Nemmara Ranganthan Iyer and Mr Mrinal Manoj Ghosh was holding 1 (one) Equity Share of Rs. 10 each in 3i Infotech BPO Limited and 3i Infotech Consultancy Services limited either jointly with other Body Corporate or in the capacity of nominee as on March 31, 2021.

5. SHARE OPTIONS

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.


6. AUDITOR

Enrome LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



**MRINAL MANOJ GHOSH
DIRECTOR**



**MAHALAKSHMI SELVAKANA
PATHY
DIRECTOR**

Singapore, 17 May 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 3i INFOTECH ASIA PACIFIC PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 3i Infotech Asia Pacific Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2021, and the statement of profit or loss and other 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 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 16 to the financial statements. The company has a receivable balance of S\$716,010 from a subsidiary named 3i Infotech (Thailand) Limited. The subsidiary has a capital deficit amounting to S\$390,391 (approximately THB9.07 million) and current liabilities exceeded its current assets by S\$647,879 (approximately THB15.05 million) for the year ended March 31, 2021.

The management does not consider any allowance for expected credit losses as the ultimate holding company has undertake its liability to pay its debts as and when they fall due. If the financial support is not forthcoming and as a result, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from amounts stated in the statement of financial position. In addition, the company may have to provide for further liabilities which might arise. No such adjustments have been made to these financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement 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 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.

**INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF 3I INFOTECH ASIA PACIFIC PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF 3I INFOTECH ASIA PACIFIC PTE. LTD.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

Report on the Audit of the Financial Statements (Cont'd)

- 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.

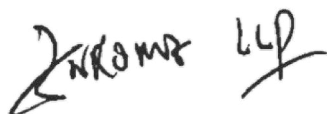
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

The financial statements of the Company for the financial year ended 31 March 2020 were audited by another firm of auditors who expressed an unmodified opinion with an emphasis of matter on going concern, investment in subsidiary amounting to \$415,050 and receivables balance of \$716,010 from a subsidiary named 3I infotech (Thailand) Limited on those statements on 21 May 2020.

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.



Enrome LLP
Public Accountants and
Chartered Accountants

Singapore, 22 July 2021

3I INFOTECH ASIA PACIFIC PTE. LTD.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

| | <u>Note</u> | <u>2021</u> S\$ | <u>2020</u> S\$ (Restated) |
|---|-------------|--------------------|----------------------------------|
| <u>Continuing operations</u> | | | |
| Revenue | 4 | 1,567,943 | 2,121,700 |
| Other income | 5 | 576,548 | 767,310 |
| Cost of sales | | (1,630,277) | (3,982,941) |
| Salaries and employee benefits | 6 | (1,854,906) | (2,438,107) |
| Depreciation of plant and equipment | 10 | (91,407) | (93,561) |
| Other operating expenses | | (502,664) | 2,156,318 |
| Finance costs | 7 | (139,295) | (147,099) |
| Loss before income tax | 8 | <u>(2,074,058)</u> | <u>(1,616,380)</u> |
| Income tax expense | 9 | - | (4,646) |
| Loss from continuing operations, net of tax | | <u>(2,074,058)</u> | <u>(1,621,026)</u> |
| <u>Discontinued operations</u> | | | |
| Profit from discontinued operations, net of tax | 10 | <u>1,302,328</u> | <u>1,822,134</u> |
| Profit for the financial year | | <u>1,302,328</u> | <u>1,822,134</u> |
| Other comprehensive income, net of tax | | <u>-</u> | <u>-</u> |
| Total comprehensive (loss)/income for the year | | <u>(771,730)</u> | <u>201,108</u> |

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

**3I INFOTECH ASIA PACIFIC PTE. LTD.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

| | | <u>2021</u> | <u>Restated</u> <u>2020</u> | <u>2020</u> |
|--|-------------|--------------------|--------------------------------|--------------------|
| | <u>Note</u> | S\$ | S\$ | S\$ |
| ASSETS | | | | |
| Non-current assets | | | | |
| Plant and equipment | 11 | 72,528 | 72,271 | 72,271 |
| Intangible assets | 12 | - | - | - |
| Investment in subsidiaries | 13 | - | 531,210 | 531,210 |
| Loan to related company | 14 | 6,330,911 | 6,409,179 | 6,409,179 |
| Total non-current assets | | <u>6,403,439</u> | <u>7,012,660</u> | <u>7,012,660</u> |
| Current assets | | | | |
| Trade receivables | 15 | 179,240 | 1,436,623 | 1,436,623 |
| Other receivables, deposit and prepayments | 16 | 994,126 | 819,037 | 819,037 |
| Contract assets | 17 | - | 1,367,863 | 1,367,863 |
| Cash and bank balances | 18 | 103,339 | 182,614 | 182,614 |
| Total current assets | | <u>1,276,705</u> | <u>3,806,137</u> | <u>3,806,137</u> |
| Total assets | | <u>7,680,144</u> | <u>10,818,797</u> | <u>10,818,797</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owner | | | | |
| Share capital | 19 | 6,116,715 | 6,116,715 | 6,116,715 |
| Other reserves | 20 | - | - | 151,691 |
| Accumulated losses | | <u>(2,568,771)</u> | <u>(1,828,083)</u> | <u>(2,448,196)</u> |
| Total equity | | 3,547,944 | 4,288,632 | 3,820,210 |
| Non-current liabilities | | | | |
| Borrowings | 21 | - | 1,304,896 | 1,304,896 |
| Deferred income | 21 | - | - | 390,352 |
| Total non-current liabilities | | <u>-</u> | <u>1,304,896</u> | <u>1,695,248</u> |
| Current liabilities | | | | |
| Trade payables | 22 | 1,289,352 | 549,582 | 549,582 |
| Accruals and other payables | 23 | 2,760,585 | 3,158,045 | 3,158,045 |
| Borrowings | 21 | 69,739 | 154,569 | 154,569 |
| Contract liabilities | 24 | 12,524 | 1,363,073 | 1,363,073 |
| Deferred income | 21 | - | - | 78,070 |
| Total current liabilities | | <u>4,132,200</u> | <u>5,225,269</u> | <u>5,303,339</u> |
| Total liabilities | | <u>4,132,200</u> | <u>6,530,165</u> | <u>6,998,587</u> |
| Total equity and liabilities | | <u>7,680,144</u> | <u>10,818,797</u> | <u>10,818,797</u> |

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

3I INFOTECH ASIA PACIFIC PTE. LTD.**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

| | Share Capital S\$ | Accumulated losses S\$ | Other Reserve S\$ | Total S\$ |
|---|----------------------------------|---------------------------------------|----------------------------------|----------------------|
| Balance as at 01.04.2019 | 6,116,715 | (2,644,917) | 121,457 | 3,593,255 |
| Effect of adopting FRS 116 leases | - | (4,387) | - | (4,387) |
| Financial guarantee interest waived (Note 20) | - | - | 30,234 | 30,234 |
| Total comprehensive income for the year | - | 201,108 | - | 201,108 |
| Balance as at 31.03.2020 as previously stated | 6,116,715 | (2,448,196) | 151,691 | 3,820,210 |
| Prior year adjustments (Note 20) | | 620,113 | (151,691) | 468,422 |
| Balance as at 31.03.2020 as restated | 6,116,715 | (1,828,083) | - | 4,288,632 |
| Financial guarantee interest waived | - | 31,042 | - | 31,042 |
| Total comprehensive loss for the year | - | (771,730) | - | (771,730) |
| Balance as at 31.03.2021 | 6,116,715 | (2,568,771) | - | 3,547,944 |

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

3I INFOTECH ASIA PACIFIC PTE. LTD.**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

| | <u>2021</u> S\$ | <u>2020</u> S\$ (Restated) |
|---|--------------------|---|
| Cash flows from operating activities | | |
| Loss before taxation | | |
| -Continuing operations | (2,074,058) | (1,616,380) |
| -Discontinued operations | 1,302,328 | 1,822,134 |
| Adjustment for:- | | |
| Depreciation of plant and equipment | 91,407 | 93,561 |
| Foreign exchange loss/(gain) | 278,298 | (237,425) |
| Interest expense | 139,295 | 147,099 |
| Interest income | (283,961) | (336,140) |
| Reversal of allowance for doubtful debts | (53,282) | (31,780) |
| Allowance for impairment on subsidiary | 531,210 | - |
| Allowance/(reversal) for doubtful unbilled | - | 13,561 |
| Amortisation of deferred income | - | (78,070) |
| Operating loss before changes in working capital | <u>(68,763)</u> | <u>(223,440)</u> |
| Changes in working capital:- | | |
| Trade receivables and other receivables | 1,135,576 | 808,339 |
| Contract assets | 1,367,863 | (624,653) |
| Trade payables and other payables | 342,310 | 33,626 |
| Contract liabilities | <u>(1,350,549)</u> | <u>195,782</u> |
| Cash flows generated from operations | 1,426,437 | 189,654 |
| Foreign withholding tax paid | <u>-</u> | <u>(4,646)</u> |
| Net cash generated from operating activities | <u>1,426,437</u> | <u>185,008</u> |
| Cash flows from investing activities | | |
| Purchase of plant and equipment | <u>(1,563)</u> | <u>(4,240)</u> |
| Net cash used in investing activities | <u>(1,563)</u> | <u>(4,240)</u> |
| Cash flows from financing activities | | |
| Repayment of borrowings | (1,376,277) | (65,069) |
| Payment of principal portion of lease liabilities | (91,842) | (87,596) |
| Other payables - subsidiary | (2,240) | (54,849) |
| Interest paid | <u>(33,790)</u> | <u>(46,802)</u> |
| Net cash used in financing activities | <u>(1,504,149)</u> | <u>(254,316)</u> |
| Net decrease in cash and cash equivalents | (79,275) | (73,548) |
| Cash and cash equivalent at beginning of year | <u>182,614</u> | <u>256,162</u> |
| Cash and cash equivalent at end of year | <u>103,339</u> | <u>182,614</u> |

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

3i INFOTECH ASIA PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

1. General

3i Infotech Asia Pacific Pte. Ltd. (the “Company”) is a private limited company incorporated in Singapore and domiciled in Singapore.

The registered office is at 80 Robinson Road #02-00 Singapore 068898 and the principal place of business is at 7 Temasek Boulevard, #14-03A Suntec Tower 1, Singapore 038987.

The principal activities of the Company are to carry on the business of information technology application solutions and service consultancy with focus on Banking, Financial, Security and Insurance (BFSI) and Enterprises vertical and investment holding.

The principal activities of the subsidiaries are stated in Note 13 to the financial statements.

The company is a wholly owned subsidiary of 3i Infotech Limited, a listed company incorporated in India, which is also its ultimate holding company.

2. Summary of significant account policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards (“FRSs”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$), which is the Company’s functional currency.

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 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 to the financial statements.

2.2 Adoption of new and amended standards and interpretations

In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 April, 2020. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

3I INFOTECH ASIA PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. Summary of significant account policies (Cont'd)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

| <u>Description</u> | <u>Effective for annual periods beginning on or after</u> |
|--|--|
| FRS 109, FRS 39, FRS 107, FRS 104, FRS 116 | <i>Amendments to FRS 109, FRS 39: Recognition and Measurement, FRS 107: Disclosures, FRS 104 and FRS 116: Interest Rate Benchmark Reform - Phase 2</i> 1 January 2021 |
| FRS 16 | <i>Amendments to FRS 16: Proceeds before Intended Use</i> 1 January 2022 |
| FRS 37 | <i>Amendments to FRS 37: Onerous Contracts - Cost of Fulfilling a Contract</i> 1 January 2022 |
| FRS 1 | <i>Amendments to FRS 1: Classification of Liabilities as Current or Non-current</i> 1 January 2023 |

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the costs over the estimated useful lives of the plant and equipment as follows: -

| | |
|---------------------|--------------------------|
| Office equipment | 5 years |
| Computer | 3 years |
| Right-of-use assets | Over the period of lease |

2. Summary of significant account policies (Cont'd)

2.5 Plant and equipment (Cont'd)

Fully depreciated plant and equipment are still retained in the financial statements until they are no longer in use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives.

After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Computer software

Cost relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line over their useful life of 10 years.

2.7 Subsidiaries

A subsidiary is an entity over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiaries is stated at cost less any impairment losses.

No consolidated financial statements have been prepared as the company is a wholly-owned subsidiary of another company and is exempted under the Financial Reporting Standard – FRS 110 *Consolidated Financial Statements* for the preparation of consolidated financial statements. Consolidated financial statements are prepared by the ultimate holding company. The ultimate holding company has given its consent for the company not to prepare consolidated financial statements. Consolidated statements are prepared by 3i Infotech Limited whose registered office is located at Tower #5 3rd to 6th Floors International Infotech Park Vashi, Navi Mumbai, India 400703.

2. Summary of significant account policies (Cont'd)

2.8 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss (FVPL) are expensed in profit or loss.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant account policies (Cont'd)

2.9 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss (FVPL), directly attributable transaction costs.

2. Summary of significant account policies (Cont'd)

2.9 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss (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, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss (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, 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 expected credit losses (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.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider 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.

2. Summary of significant account policies (Cont'd)

2.11 Contract assets

A contract assets 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.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand which are subject to an insignificant risk of changes in value.

2.13 Provision

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

Provisions are reviewed at the end of each reporting period 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 as a finance cost.

2.14 Contract liabilities

Contract liabilities relate to the company's obligation to transfer goods or services to 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.

2.15 Employee benefits

(a) Defined contribution plans

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

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. Summary of significant account policies (Cont'd)

2.16 Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straightline basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Company's right-of-use assets are presented in Note 11.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are presented in Note 21.

2. Summary of significant account policies (Cont'd)

2.16 Leases (Cont'd)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessee

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

2.17 Revenue

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's revenues are generated from its sale of its software license; sale of third party products; provision of implementation and support services; and provision of annual maintenance services.

Revenue from sale of its software license and sale of third party products are recognised when they deliver to the customer and all criteria for acceptance are satisfied.

Revenue from implementation and support services are recognised as and when services are rendered over the time period as disclosed below. Revenue from implementation and support services are either on time and material contracts or fixed price contracts. The revenue from the contracts are recognised on the following basis:-

2. Summary of significant account policies (Cont'd)

2.17 Revenue (Cont'd)

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 fixed price contracts are recognised in accordance with the percentage of completion method (PCM). Percentage of completion is measured by reference to the milestones completed in proportion to the deliverable as per the contracts with the customers. The contract sum is apportioned over each milestone to be completed based on the input (efforts) required to complete the milestones. Revenue is recognised in accordance with the milestone completed. Provision for estimated losses on incomplete contracts are recorded in the year in which losses become probable based on the current contract estimates.

For services accounted for under the PCM method, earnings in excess of billing are classified as contract assets, while billing in excess of earnings are classified as contract liabilities.

Revenue from annual maintenance services are recognised on prorata basis over the period of the contract.

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 or 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 their 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 cost. If the unamortised costs exceed the undiscounted cash flow, a loss is recognised.

2. Summary of significant account policies (Cont'd)

2.17 Revenue (Cont'd)

Multiple-element arrangements (Cont'd)

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 vendor. Several factors are considered to determine whether the company is a principal or an agent, most notably whether the company is a primary obligor the customer, has established its own pricing, and has inventory and credit risks.

The company does not provide any volume discount nor any sales with right of returns or any other variable consideration.

Interest income

Interest income is recognised using the effective interest method.

Government grant

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant account policies (Cont'd)

2.18 Taxes (Cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 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.

2. Summary of significant account policies (Cont'd)

2.20 Related parties (Cont'd)

- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or 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 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).

2.21 Discontinued Operations

A disposal group qualifies as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resell.

When an operation is classified as discontinued, a single amount is presented in the statement of comprehensive income, which comprise the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less cost to sell, or on the disposal, of the assets or disposal group constituting the discontinued operations. The comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3. Significant accounting judgments and estimates (Cont'd)

3.1 Judgments made in applying accounting policies

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.

a) Determination of functional currency

In determining the functional currency of the company, judgement is used by the company to determine the currency of the primary economic environment in which the company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment loss, if any. In determining if there is any impairment, the management evaluates the market and economic environment in which the entities operates, the economic performance, the forecasted results, the net assets values, and the operating cash flow of these entities. The evaluation of these factors involves a significant degree of management judgement.

Provision for expected credit losses of trade and other receivables

The Company uses a provision matrix to calculate expected credit losses (ECLs) for trade and other 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. The information about the ECLs on the Company's trade receivables is disclosed in Note 27(a).

The carrying amount of the Company's trade receivables as at 31 March 2021 was \$179,240 (2020: \$1,436,623).

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****4. Revenue**

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | S\$ | S\$ |
| Type of income: | | |
| Annual maintenance services | 1,971,012 | 1,774,182 |
| Implementation and support services | 4,279,532 | 5,739,097 |
| Sale of third-party products | 255,064 | 153,722 |
| Sale of own software license | 73,800 | 1,283,249 |
| | <u>6,579,408</u> | <u>8,950,250</u> |
| Less: Discontinued operation (Note 10) | <u>(5,011,465)</u> | <u>(6,828,550)</u> |
| | <u>1,567,943</u> | <u>2,121,700</u> |
| Timing of revenue recognition: | | |
| - At a point in time | 112,783 | 1,436,971 |
| - Over time | 1,455,160 | 7,513,279 |
| | <u>1,567,943</u> | <u>8,950,250</u> |

There is no variable consideration recognised during the financial year.

5. Other income

| | 2021 | 2020 |
|---|----------------|----------------|
| | S\$ | S\$ |
| Interest income | 283,961 | 336,140 |
| Foreign exchange (loss)/gain | (257,315) | 159,708 |
| Reversal of allowance for doubtful debts - trade: | | |
| - Outside parties | - | 83,057 |
| Gain on sale of business | 31,315 | - |
| Loan settlement waiver | 347,042 | - |
| Miscellaneous income | 171,227 | 6,193 |
| Reimbursement of expenses | 318 | 104,142 |
| Amortisation of deferred income | - | 78,070 |
| | <u>576,548</u> | <u>767,310</u> |

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****6. Salaries and employee benefits**

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

| | 2021 S\$ | 2020 S\$ |
|--|------------------|------------------|
| Salaries, bonus and allowances | 2,239,918 | 2,710,765 |
| CPF Contribution (defined) | 98,410 | 130,722 |
| Directors' remuneration | 161,714 | 163,287 |
| Staff welfare | 777 | 5,262 |
| | <u>2,500,819</u> | <u>3,010,036</u> |
| Less: Discontinued operation (Note 10) | <u>(645,913)</u> | <u>(571,929)</u> |
| | <u>1,854,906</u> | <u>2,438,107</u> |

7. Finance costs

| | 2021 S\$ | 2020 S\$ |
|--------------------------------------|----------------|----------------|
| Interest accretion on long-term loan | 74,463 | 70,063 |
| Interest on long-term loan | 30,620 | 39,130 |
| Interest on financial guarantee | 31,042 | 30,234 |
| Interest on lease liabilities | 3,170 | 7,672 |
| | <u>139,295</u> | <u>147,099</u> |

8. Loss 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):-

| | 2021 S\$ | 2020 S\$ |
|---|-------------|-------------|
| Cost of purchases included in cost of sales | - | 121,939 |
| Professional charges includes in cost of sales | 112,591 | 2,836,518 |
| Partners' fees included in cost of sales | - | 556,532 |
| (Reversal)/Allowance for doubtful debts - trade:- | | |
| - Outside parties | (136,339) | (83,057) |
| - Outside parties (unbilled) | - | 13,561 |
| Allowance/(Reversal) of allowance for doubtful debts non-trade: | | |
| - Outside parties | - | 51,277 |
| Foreign exchange loss/(gain) | 257,315 | (159,708) |
| Management fees and senior management cost | 965,780 | 1,221,470 |
| Operating lease and rental of premises | 9,305 | 65,036 |
| Common corporate costs | 85,310 | 384,504 |

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****9. Income tax expense**

| | 2021 S\$ | 2020 S\$ |
|-------------------------|-------------|--------------|
| Current year | - | - |
| Foreign withholding tax | - | 4,646 |
| | <u>-</u> | <u>4,646</u> |

The income tax expense on profit before income tax differs from the amount that would arise using the Singapore standard income tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

| | 2021 S\$ | 2020 S\$ (Restated) |
|---|--------------------|----------------------------------|
| Loss before income tax | <u>(2,074,058)</u> | <u>(1,616,380)</u> |
| Tax expense at tax rate of 17% | (352,590) | (274,785) |
| Taxable profit on discontinued operations | 221,396 | 309,763 |
| Non-taxable income | - | (56,792) |
| Non-deductible items | 137,616 | 46,593 |
| Effect of FRS 116 | - | (54) |
| Deferred tax arising in the year not recognised | <u>(6,422)</u> | <u>(24,725)</u> |
| Income tax expense for the year | <u>-</u> | <u>-</u> |

As of end of the financial year, the company has unutilised tax losses of approximately S\$2,801,000 (2020: S\$2,652,184) available for set off against future taxable profits, subject to agreement with the relevant Tax authorities and compliance with certain conditions of the Income tax Act.

10. Discontinued Operations

During the financial year, the company entered into a business transfer agreement to dispose its software product business to a third party. The disposal has been completed during the financial year and the software product business segment has been classified as discontinued operations. The results of this segment are as follows:

a. Profit from discontinued operations, net of tax

| | 2021 S\$ | 2020 S\$ |
|--|------------------|------------------|
| Profit for the financial year from discontinued operations | <u>1,302,328</u> | <u>1,822,134</u> |

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****10. Discontinued Operations (Cont'd)**

b. The results of the discontinued operations are presented below:

| | 2021 S\$ | 2020 S\$ |
|--|--------------------|--------------------|
| Revenue | 5,011,465 | 6,828,550 |
| Cost of sales | <u>(2,445,494)</u> | <u>(35,425)</u> |
| Gross profit | 2,565,971 | 6,793,125 |
| Salaries and employee benefits | (645,913) | (571,929) |
| Other operating expenses | <u>(617,730)</u> | <u>(4,399,062)</u> |
| Profit before taxation | 1,302,328 | 1,822,134 |
| Income tax expenses | <u>-</u> | <u>-</u> |
| Profit for the financial year from discontinued operations | <u>1,302,328</u> | <u>1,822,134</u> |

c. Profit before taxation are derived after charging/(crediting):

| | 2021 S\$ | 2020 S\$ |
|--|---------------|---------------|
| Allowance for impairment of trade receivable | 82,594 | 44,879 |
| Legal and professional fees | 123,471 | 423,659 |
| Rental expenses | 135,745 | 149,382 |
| Travelling & conveyance expenses | <u>54,899</u> | <u>34,358</u> |

3I INFOTECH ASIA PACIFIC PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

11. Plant and equipment

| | Office Equipment S\$ | Computer S\$ | Right-of-use asset S\$ | Total S\$ |
|---------------------------------|----------------------------|-----------------|------------------------------|--------------|
| Cost | | | | |
| At 01.04.2019 | 69,286 | 37,348 | - | 106,634 |
| Additions | 550 | 3,690 | - | 4,240 |
| Effect of FRS 116 | - | - | 148,801 | 148,801 |
| At 31.03.2020/01.04.2020 | 69,836 | 41,038 | 148,801 | 259,675 |
| Additions | 120 | 1,443 | 95,989 | 97,552 |
| Disposal | - | (9,140) | - | (9,140) |
| At 31.03.2021 | 69,956 | 33,341 | 244,790 | 348,087 |
| Accumulated Depreciation | | | | |
| At 01.04.2019 | 68,911 | 24,932 | - | 93,843 |
| Charge for the period | 423 | 5,860 | 87,278 | 93,561 |
| At 31.03.2020/01.04.2020 | 69,334 | 30,792 | 87,278 | 187,404 |
| Charge for the year | 163 | 3,197 | 88,046 | 91,406 |
| Disposal | - | (3,251) | - | (3,251) |
| At 31.03.2021 | 69,497 | 30,738 | 175,324 | 275,559 |
| Net Carrying value | | | | |
| At 31.03.2021 | 459 | 2,603 | 69,466 | 72,528 |
| At 31.03.2020 | 502 | 10,246 | 61,523 | 72,271 |

12. Intangible assets

| | 2021 S\$ | 2020 S\$ |
|--------------------------------|-------------|-------------|
| Software | | |
| Cost | 336,816 | 336,816 |
| Less: Accumulated amortisation | (336,816) | (336,816) |
| Net carrying value | - | - |

3i INFOTECH ASIA PACIFIC PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

13. Investment in subsidiaries

| | 2021 S\$ | 2020 S\$ | | |
|--|-------------------------------|-------------|----------------|----------------|
| Unquoted equity shares, at cost | 774,001 | 774,001 | | |
| Less: Allowance for impairment loss | | | | |
| - At beginning of year | 242,791 | 242,791 | | |
| - Additions | 531,210 | - | | |
| - At end of year | 774,001 | 242,791 | | |
| | - | 531,210 | | |
| <u>Name/ Country of Incorporation</u> | <u>Ownership interest (%)</u> | | <u>Cost</u> | |
| <u>Principal Activities</u> | 2021 % | 2020 % | 2021 S\$ | 2020 S\$ |
| 3i Infotech Sdn Bhd/ Malaysia (*) (^) | 100 | 100 | 116,160 | 116,160 |
| 3i Infotech Services Sdn Bhd/ Malaysia (*) | 100 | 100 | 242,791 | 242,791 |
| 3i Infotech (Thailand) Limited Thailand (#) | 100 | 100 | 415,050 | 415,050 |
| | | | <u>774,001</u> | <u>774,001</u> |

The company has not prepared consolidated financial statements as it is a wholly-owned subsidiary of 3i Infotech Limited, a listed company incorporated in India, who prepares the group's consolidated financial statements.

(*) Audited by Raki CS Tan & Ramanan Chartered Accountants., Malaysia

(#) Audited by Bangkok International Audit Co. Ltd, Thailand

(^) Shares held in subsidiary is pledged for the corporate guarantee given (Note 26)

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****14. Loan to related company**

The unsecured loan extended by the company amounting to S\$6,330,910 (2020: S\$6,409,179) to 3i Infotech Inc, a related corporation registered in the United States of America, has initial tenure of 3 years commencing from December 2011 with a rate of interest of 5% + 12 month LIBOR for each month on outstanding balance for the initial tenure of 3 years. If the loan is not repaid at the end of third year, the rate of interest shall be increased to 7% + 12 month LIBOR for each month on the outstanding balance. The loan tenure is extended to December 2020 and will extend further for 3 years. The average interest rate during the year is about 8.96% (2020: 8.96%) per annum.

The loan to related company that are not denominated in Singapore Dollar are as follows:-

| | 2021 S\$ | 2020 S\$ |
|----------------------|------------------|------------------|
| United States Dollar | <u>6,330,910</u> | <u>6,409,179</u> |

15. Trade receivables

| | 2021 S\$ | 2020 S\$ |
|-----------------------------------|----------------|------------------|
| Third parties | 191,797 | 1,585,519 |
| Less: Allowance for credit losses | | |
| - At beginning of year | 148,896 | 237,882 |
| - Charge for the year | - | - |
| - Amount written-off | - | (5,929) |
| - Reversal | (136,339) | (83,057) |
| - At end of year | <u>12,557</u> | <u>148,896</u> |
| | <u>179,240</u> | <u>1,436,623</u> |

Trade receivables are denominated in the following currencies:-

| | | |
|----------------------|----------------|------------------|
| Brunei Dollar | - | 43,204 |
| Singapore dollar | 179,240 | 465,864 |
| Hong Kong Dollar | - | 24,427 |
| United States Dollar | <u>-</u> | <u>903,128</u> |
| | <u>179,240</u> | <u>1,436,623</u> |

The average credit period ranges between 30 to 60 days (2020: 30 to 60 days). No interest is charged on the trade receivables as of year-end.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****15. Trade receivables (Cont'd)**

| | 2021 S\$ | 2020 S\$ |
|-----------------------------|----------------|------------------|
| Not past due: | 71,620 | 883,959 |
| Past due but not impaired: | | |
| 1-60 days past due | - | 114,069 |
| 61-120 days past due | - | 46,228 |
| More than 120 days past due | 107,620 | 392,367 |
| | <u>179,240</u> | <u>1,436,623</u> |

The company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

16. Other receivables, deposits and prepayments

| | 2021 S\$ | 2020 S\$ |
|-----------------------------------|----------------|----------------|
| Sundry receivables | <u>51,277</u> | <u>51,277</u> |
| Less: Allowance for credit losses | | |
| - At beginning of year | 51,277 | - |
| - Charge for the year | - | 51,277 |
| - At end of year | <u>51,277</u> | <u>51,277</u> |
| | - | - |
| Amount due from a subsidiary | 716,010 | 716,010 |
| Deposits | 276,013 | 34,391 |
| Prepayments | 2,102 | 67,916 |
| Advances | 1 | 720 |
| | <u>994,126</u> | <u>819,037</u> |

Other receivables, deposits and prepayments are denominated in Singapore Dollars.

The amount due from a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****17. Contract assets**

| | 2021 S\$ | 2020 S\$ |
|--|-------------|------------------|
| Unbilled receivables | - | 1,401,064 |
| Less: Allowance for credit losses - unbilled | | |
| - At beginning of year | - | 19,640 |
| - Charge for the year | - | 13,561 |
| - At end of year | - | 33,201 |
| | <u>-</u> | <u>1,367,863</u> |

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

18. Cash and bank balances

| | 2021 S\$ | 2020 S\$ |
|--|----------------|----------------|
| Cash at bank | 102,075 | 181,851 |
| Cash in hand | <u>1,264</u> | <u>763</u> |
| | <u>103,339</u> | <u>182,614</u> |
| Cash and bank balances are denominated in the following currencies:- | | |
| Singapore dollar | 75,464 | 107,454 |
| United States Dollar | <u>27,875</u> | <u>75,160</u> |
| | <u>103,339</u> | <u>182,614</u> |

19. Share capital

| | 2021 S\$ | 2020 S\$ |
|---------------------------|------------------|------------------|
| Issued and fully paid: | | |
| 5,346,202 Ordinary shares | <u>6,116,715</u> | <u>6,116,715</u> |

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

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****20. Other reserves**

| | 2021 S\$ | 2020 S\$ |
|-----------------------|-------------|-------------|
| At beginning of year | - | 121,457 |
| Charge for the year | - | 30,234 |
| Prior year adjustment | - | (151,691) |
| At end of year | <u>-</u> | <u>-</u> |

Other reserves represent corporate guarantee commission charged by the ultimate holding company at interest rate of 1.50% (2020: 1.50%) per annum for the corporate guarantee provided for the company's long-term loan as disclosed in Note 21 to the financial statements. However, the payment is waived by the ultimate holding company and is thus credited to other reserves.

21. Borrowings

| | 2021 S\$ | Restated 2020 S\$ |
|---|-----------------|-------------------------|
| Long-term loan (secured): | | |
| Gross long-term loan | - | 1,393,873 |
| Less: Deferred income | <u>-</u> | <u>-</u> |
| | - | 1,393,873 |
| Lease liabilities (secured) | <u>69,739</u> | <u>65,592</u> |
| | 69,739 | 1,459,465 |
| Current portion of long-term loan | | (88,977) |
| Current portion of lease liabilities | <u>(69,739)</u> | <u>(65,592)</u> |
| Non-current portion | <u>-</u> | <u>1,304,896</u> |
| The amount due after 1 year is repayable within the period as follows:- | | |
| Within 2 to 5 years | - | 266,929 |
| After 5 years | <u>-</u> | <u>1,037,967</u> |
| | - | 1,304,896 |
| Short term loans | | |
| Current portion of long-term loan | - | 88,977 |
| Current portion of lease liabilities | <u>69,739</u> | <u>65,592</u> |
| | <u>69,739</u> | <u>154,569</u> |

Deferred income represents the unamortised discount on the loan which is amortised to profit or loss as income over the period of the loan. Amortisation charge of S\$78,070 would be charged to profit or loss annually.

The Company has obtained a loan restructuring and has converted the bank overdraft into long-term loan in Year 2016.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****21. Borrowings (Cont'd)**

The key terms of loan restructuring are as follows:

- a) The moratorium on the principal repayment up to March 31, 2018.
- b) All unpaid interest up to March 2016 is waived; and
- c) 25% of debt plus interest from April 2016 shall be paid monthly over 6 years from April 30, 2018 and 75% of debt shall be repaid no later than March 15, 2026 and 75% of the debt is interest free.

The bank facilities are secured by the following:

- i) Closed monies guarantee of US1.5 million executed under seal by ultimate holding company (Note 20).
- ii) All monies pari passu charge on stock and book debts dated July 2015, 2011.

A reconciliation of liabilities arising from financing activities, borrowings is as follows:

| | Beginning of year | Cash flows | Non-cash changes | | At end of year |
|-------------------|----------------------|--------------------|--------------------------|------------------------------|-------------------|
| | S\$ | S\$ | Accretion of interest | Foreign exchange movement | S\$ |
| <u>Year 2021</u> | | | | | |
| Long-term loan | 1,393,873 | (1,376,277) | - | (17,596) | - |
| Lease liabilities | 161,581 | (95,012) | 3,170 | - | 69,739 |
| | <u>1,555,454</u> | <u>(1,471,289)</u> | <u>3,170</u> | <u>(17,596)</u> | <u>69,739</u> |
| <u>Year 2020</u> | | | | | |
| Long-term loan | 1,321,535 | (104,199) | 109,193 | 67,344 | 1,393,873 |
| Lease liabilities | 153,188 | (95,268) | 7,672 | - | 65,592 |
| | <u>1,474,723</u> | <u>(199,467)</u> | <u>116,865</u> | <u>67,344</u> | <u>1,459,465</u> |

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****22. Trade payables**

| | 2021 S\$ | 2020 S\$ |
|--|------------------|----------------|
| Third parties | 75,337 | 61,970 |
| Ultimate holding company | <u>1,214,015</u> | <u>487,612</u> |
| | <u>1,289,352</u> | <u>549,582</u> |
| Trade payables are denominated in the following currencies:- | | |
| Singapore dollar | 75,337 | 61,970 |
| United States Dollar | <u>1,214,015</u> | <u>487,612</u> |
| | <u>1,289,352</u> | <u>549,582</u> |

The credit term for goods purchased is about 60 days (2020: 60 days)

23. Accruals and other payables

| | 2021 S\$ | 2020 S\$ |
|--------------------------|------------------|------------------|
| Accrued expenses | 124,785 | 486,080 |
| Sundry payables | 65,920 | 99,845 |
| Amount due to subsidiary | <u>2,569,880</u> | <u>2,572,120</u> |
| | <u>2,760,585</u> | <u>3,158,045</u> |

The amount due to a subsidiary is non-trade, unsecured, interest free and repayable on demand.

24. Contract liabilities

| | 2021 S\$ | 2020 S\$ |
|-----------------------|---------------|------------------|
| Advance from customer | 3,193 | 3,399 |
| Deferred revenue | <u>9,331</u> | <u>1,359,674</u> |
| | <u>12,524</u> | <u>1,363,073</u> |

3i INFOTECH ASIA PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25. Significant related party transactions

Related companies in these financial statements refer to the members of 3i Infotech Limited Group of companies.

In addition to the information disclosed elsewhere in the financial statements, the company had the following significant transactions with its related parties at term mutually agreed:-

| | 2021 | 2020 |
|--|------------------|------------------|
| | S\$ | S\$ |
| <u>With ultimate holding company</u> | | |
| Common corporate costs | 85,310 | 384,504 |
| Interest on financial guarantee | - | 30,234 |
| Infrastructure charges | - | 2,379 |
| Management fees and senior management cost | 965,780 | 1,221,470 |
| Other operating expenses | 57,200 | 34,178 |
| Professional charges | <u>2,577,364</u> | <u>2,841,937</u> |
| <u>With related company</u> | | |
| Interest income | <u>283,961</u> | <u>336,140</u> |

26. Corporate guarantees

Note for securities offered under Corporate Debt Restructuring of the Ultimate holding company

In terms of the Corporate Debt Restructuring (CDR) package agreed with the lenders participating in CDR package (herein after referred to as “CDR Lenders”) and the Master Restructuring Agreement (MRA) signed for this purpose, the ultimate holding company and its certain subsidiaries (including the company) had agreed to offer guarantees and security to the CDR Lenders.

With an objective to serve interests of the lenders in the long term, by offering the possibility of value enhancement, and simultaneously support the growth of the Group, the Parent Company submitted a second scheme herein after called as Debt Restructuring Scheme (“DRS”) to its lenders and FCCB holders. The DRS was approved by the CDR Empowered Group (“CDR EG”) at its meeting held on April 27, 2016, and the CDR has issued a letter of approval dated June 14, 2016 approving the said scheme.

Corporate guarantees of each of the material subsidiaries of the ultimate holding company guaranteeing the secured obligations (“Corporate Guarantees”), in favour of all the CDR Lenders. Each Corporate Guarantee shall be secured/ credit enhanced by security interest over assets of the relevant material subsidiaries (including the company) of the ultimate holding company providing the Corporate Guarantee, as permitted under applicable laws in the relevant jurisdictions.

Detailed in the table below the charge on assets and pledge of shares of the Company in favour of all the CDR lenders.

3I INFOTECH ASIA PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

26. Corporate guarantees (Cont'd)

(i) Charge on assets

| <u>S/No.</u> | <u>Security</u> | <u>First charge to</u> | <u>Second charge to</u> |
|--------------|--|--|-------------------------|
| 1 | A charge on all the present and future movable fixed assets and current assets (Other than receivables and stocks) of the Company. | All CDR Facilities. First ranking pari passu charge has been created over stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise of the company, to secure the cash credit facility of USD 2 mil provided by Standard Chartered Bank, Singapore | Not Applicable |
| 2 | A Charge on all receivables and stocks of the Company. | First charge has been created to secure the cash credit facility of USD 2 mil provided by Standard Chartered Bank, Singapore | All CDR Facilities |

(ii) Pledge on shares

| | <u>Pledgor</u> | <u>Company whose shares have been pledged</u> | <u>Details of shares pledged</u> |
|---|------------------------------------|---|--|
| 1 | 3I Infotech Limited | 3I Infotech Asia Pacific Pte. Ltd. | 5,346,202 ordinary shares of S\$1 each |
| 2 | 3I Infotech Asia Pacific Pte. Ltd. | 3I Infotech Sdn. Bhd. | 5,000,000 ordinary shares of RM1 each (refer to Note 13) |

27. Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk.

The board of 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.

27. Financial risk management (Cont'd)

(a) 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 and loan to related company. For other financial assets (including cash), 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 120 days past the credit due dates, or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

3I INFOTECH ASIA PACIFIC PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

27. Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

The company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's current credit risk grading framework comprises the following categories:

| Category | Definition of category | Basis for recognising expected credit loss (ECL) |
|----------|--|--|
| I | Counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL |
| II | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL - not credit-impaired |
| III | Amount is >120 days past due or there is evidence indicating the asset is credit-impaired (in default). | Lifetime ECL - credit-impaired |
| IV | There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. | Amount is written off |

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

| | Note | Category | 12-month or lifetime ECL | Gross carrying amount \$ | Loss allowance \$ | Net carrying amount \$ |
|----------------------|------|----------|---------------------------|-----------------------------|----------------------|---------------------------|
| 31 March 2021 | | | | | | |
| Trade receivables | 15 | Note 1 | Lifetime ECL (simplified) | 179,240 | - | 179,240 |
| Other receivables | 16 | I | 12-month ECL | 716,010 | - | 716,010 |

3I INFOTECH ASIA PACIFIC PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

27. Financial risk management (Cont'd)

(a) Credit risk (Cont'd)

| | Note | Category | 12-month or lifetime ECL | Gross carrying amount \$ | Loss allowance \$ | Net carrying amount \$ |
|----------------------|------|----------|------------------------------|-----------------------------------|-------------------------|---------------------------------|
| 31 March 2020 | | | | | | |
| Trade receivables | 15 | Note 1 | Lifetime ECL (simplified) | 1,436,623 | - | 1,436,623 |
| Contract assets | 17 | Note 1 | Lifetime ECL (simplified) | 1,367,863 | - | 1,367,863 |
| Other receivables | 16 | I | 12-month ECL | 716,010 | - | 716,010 |

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit loss (ECL). The Company determines the expected credit loss (ECL) by using a provision matrix, estimated past due status, default in payments, trend of transactions, information of counterparties in the industry, the future outlook of the industry in which the counterparties operate in. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

| | Trade Receivables | | | |
|-----------------------|------------------------------|----------------------|--|------------------|
| | Less than 30 days | 31 to 60 days | Days past due More than 60 days | Total |
| 31 March 2021 | | | | |
| Gross carrying amount | 71,620 | - | 107,620 | 179,240 |
| ECL | - | - | - | - |
| | <u>71,620</u> | <u>-</u> | <u>107,620</u> | <u>179,240</u> |
| 31 March 2020 | | | | |
| Gross carrying amount | 2,251,822 | 114,069 | 438,595 | 2,804,486 |
| ECL | - | - | - | - |
| | <u>2,251,822</u> | <u>114,069</u> | <u>438,595</u> | <u>2,804,486</u> |

Based on management assessment exceptions are made for certain receivables for ECL provision as management is confident of recovery.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****27. Financial risk management (Cont'd)****(a) Credit risk (Cont'd)**Exposure to credit risk

The company has significant exposure of credit risk in relation to its loan to related company comprise of one related company balance that comprise 100% (2020: one related company balance that comprise of 100%) of the Company's loan to related company.

Other receivables

The company also has significant exposure of credit risk in relation to its other receivables from one subsidiary balance comprise of 100% (2020: one subsidiary balance comprise of 100%).

The management does not foresee any risk of default by these parties as they creditworthy customers and the balances are not past due. Further details of credit risk on trade receivables are disclosed in Note 16 to the financial statements.

(b) Liquidity risk

Liquidity risk refers to 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. As of year-end, the current liabilities exceed the current assets. The Company does not anticipate any problems in obtaining additional funding from its holding company if the need arises.

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.

| | Carrying amount S\$ | Contractual cash flow S\$ | Within 1 year or on demand S\$ | Within 2 and 5 years S\$ | More than 5 years S\$ |
|--|---------------------------|---------------------------------|---|-----------------------------------|-----------------------------|
| <u>2021</u> | | | | | |
| <u>Financial assets</u> | | | | | |
| Loan to related company | 6,330,911 | 6,330,911 | - | 6,330,911 | - |
| Trade receivables | 179,240 | 179,240 | 179,240 | - | - |
| Other receivables | 994,126 | 994,126 | 994,126 | - | - |
| Cash and bank balances | 103,339 | 103,339 | 103,339 | - | - |
| Total undiscounted financial assets | 7,607,616 | 7,607,616 | 1,276,705 | 6,330,911 | - |

3I INFOTECH ASIA PACIFIC PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

27. Financial risk management (Cont'd)

(b) Liquidity risk (Cont'd)

| | Carrying amount S\$ | Contractual cash flow S\$ | Within 1 year or on demand S\$ | Within 2 and 5 years S\$ | More than 5 years S\$ |
|--|---------------------------|---------------------------------|---|-----------------------------------|-----------------------------|
| <u>2021</u> | | | | | |
| <u>Financial liabilities</u> | | | | | |
| Trade payables | (1,289,352) | (1,289,352) | (1,289,352) | - | - |
| Other payables and accruals | (2,760,585) | (2,760,585) | (2,760,585) | - | - |
| Borrowings | (69,739) | (69,739) | (69,739) | - | - |
| Total undiscounted financial liabilities | (4,119,676) | (4,119,676) | (4,119,676) | - | - |
| Total net undiscounted financial assets/(liabilities) | 3,487,940 | 3,487,940 | (2,842,971) | 6,330,911 | - |
| <u>2020</u> | | | | | |
| <u>Financial assets</u> | | | | | |
| Loan to related company | 6,409,179 | 7,526,045 | - | 7,526,045 | - |
| Trade receivables | 1,436,623 | 1,436,623 | 1,436,623 | - | - |
| Other receivables | 750,401 | 750,401 | 750,401 | - | - |
| Cash and bank balances | 182,614 | 182,614 | 182,614 | - | - |
| Total undiscounted financial assets | 8,778,817 | 9,895,683 | 2,369,638 | 7,526,045 | - |
| <u>Financial liabilities</u> | | | | | |
| Trade payables and accruals | (973,692) | (973,692) | (973,692) | - | - |
| Other payables | (2,671,965) | (2,671,965) | (2,671,965) | - | - |
| Borrowings | (1,459,465) | (2,097,245) | (187,586) | (308,081) | (1,601,578) |
| Total undiscounted financial liabilities | (5,105,122) | (5,742,902) | (3,833,243) | (308,081) | (1,601,578) |
| Total net undiscounted financial assets/(liabilities) | 3,673,695 | 4,152,781 | (1,463,605) | 7,217,964 | (1,601,578) |

3I INFOTECH ASIA PACIFIC PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

27. Financial risk management (Cont'd)

(c) Interest rate risk

The Company's exposure to market risk for changes in interest rate relates to the Company's long-term debt obligations and loan to related company. It is the Company's policy to obtain the most favourable interest rates available whenever the Company obtains additional financing through bank borrowings.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at statement of financial position date and the stipulated change taking place at the beginning of the financial year and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the company loss before tax for the year ended March 31, 2021 would decrease or increase by S\$26,000 (2020: S\$30,000) respectively.

(d) Foreign Currency Risk

The company is exposed to foreign currency risk arising from its sales, borrowings, loan given and professional charges in foreign currencies. The management monitors closely these foreign currency receivable and payables and recovers or pays the amount at the earliest to minimise the foreign currency risk.

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

Sensitivity analysis for foreign currency risk

Any increase or decrease in the foreign currencies rate against Singapore Dollar will have an impact on the financial statements. An increase or decrease of 10% in the currencies rate against Singapore Dollar will correspondingly increase or decrease the profit before tax by the following amount.

| | | 2021 | 2020 |
|------------|--------------------------------|------------------|------------------|
| | | S\$ | S\$ |
| | | Profit | Profit |
| | | net of tax | net of tax |
| BRUNEI/SGD | - strengthened 10% (2020: 10%) | - | 4,320 |
| | - weakened 10% (2020: 10%) | - | (4,320) |
| HKD/SGD | - strengthened 10% (2020: 10%) | - | 2,443 |
| | - weakened 10% (2020: 10%) | - | (2,443) |
| USD/SGD | - strengthened 10% (2020: 10%) | 316,851 | 550,598 |
| | - weakened 10% (2020: 10%) | <u>(316,851)</u> | <u>(550,598)</u> |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****28. Financial instruments by category**

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

| | 2021 | 2020 |
|------------------------------|------------------|------------------|
| | S\$ | S\$ |
| Assets | | |
| <u>Financial assets</u> | | |
| At amortised cost: | | |
| Loan to related company | 6,330,911 | 6,409,179 |
| Trade receivables | 179,240 | 1,436,623 |
| Other receivables | 992,024 | 750,401 |
| Cash and bank balances | <u>103,339</u> | <u>182,614</u> |
| Total financial assets | <u>7,605,514</u> | <u>8,778,817</u> |
| Liabilities | | |
| <u>Financial liabilities</u> | | |
| At amortised cost:- | | |
| Trade payables and accruals | 1,414,137 | 973,692 |
| Other payables | 2,635,800 | 2,671,965 |
| Borrowing | <u>69,739</u> | <u>1,459,465</u> |
| Total financial liabilities | <u>4,119,676</u> | <u>5,105,122</u> |

29. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

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 shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial year ended 31 March 2021 and 31 March 2020.

3I INFOTECH ASIA PACIFIC PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021****30. Prior year adjustments**

The prior year adjustments were due to deferred income and other reserves had been erroneously included in its financial statements for the year ended 31 March 2020. As a consequence, the equity and liabilities were overstated. The comparative figures have been restated to reflect the correction of the errors in the financial statements.

The effects in the financial statements are as follows: -

| | As previously reported S\$ | Effect of prior year adjustment S\$ | As restated S\$ |
|---|----------------------------------|---|--------------------|
| <u>For year ended 31 March 2020</u> | | | |
| Statement of Financial Position: | | | |
| Equity | | | |
| - Other reserves | 151,691 | (151,691) | - |
| - Accumulated losses | (2,448,196) | 620,113 | (1,828,083) |
| Non-current liabilities | | | |
| - Deferred income | 390,352 | (390,352) | - |
| Current liabilities | | | |
| - Deferred income | <u>78,070</u> | <u>(78,070)</u> | <u>-</u> |

31. Authorisation of financial statements for issue

The financial year for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the Statement of Directors.