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**3I INFOTECH ASIA PACIFIC PTE. LTD.**

*(Company Registration No. 200009499R)*

**Financial Statements For The Year Ended March 31, 2020**

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# 3I Infotech Asia Pacific Pte. Ltd.

*(Incorporated in the Republic of Singapore)*

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## Directors

Padmanabhan Nemmara Ranganathan Iyer

Gaurav Singh

Mrinal Manoj Ghosh

Mahalakshmi Selvakana Pathy

Suryanarayan Kasichainula

Ciri Mohana Krishnan Natarajan (Appointed on 13.05.2020)

Sandip Kumar Jai Prakash Singh (Resigned on 12.05.2020)

## Secretaries

Lin Moi Heyang

Low Mei Wan

## Registered Office

80 Robinson Road

#02-00

Singapore 068898

## Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

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# 3I Infotech Asia Pacific Pte. Ltd.

## Directors' Statement

For the financial year ended March 31, 2020

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2020.

### 1 Directors

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

Padmanabhan Nemmara Ranganathan Iyer

Gaurav Singh

Mrinal Manoj Ghosh

Mahalakshmi Selvakana Pathy

Suryanarayan Kasichainula

Giri Mohana Krishnan Natarajan

### 2 Arrangements to enable directors to acquire shares and debentures

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

### 3 Directors' interest in shares and debentures

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

<u>Name of directors</u>	<u>At beginning of year</u>	<u>At end of year</u>
<i>Holding company</i>		
<i>(i) Number of ordinary shares</i>		
Padmanabhan Nemmara Ranganathan Iyer	1,920	1,920
Mrinal Manoj Ghosh	300	300
Suryanarayan Kasichainula	10,000	10,000
<i>(ii) Unissued employees stock option</i>		
Padmanabhan Nemmara Ranganathan Iyer	1,230,000	3,705,000
Suryanarayan Kasichainula	300,000	1,950,000
Mrinal Manoj Ghosh	510,000	1,335,000
Sandip Kumar Jai Prakash Singh <i>(Resigned on 12.05.2020)</i>	-	82,500
Gaurav Singh	-	16,500

In addition, Mr Padmanabhan Nemmara Ranganathan 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, 2020.

# 3I Infotech Asia Pacific Pte. Ltd.

## Directors' Statement

For the financial year ended March 31, 2020

### 4 Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

### 5 Auditors

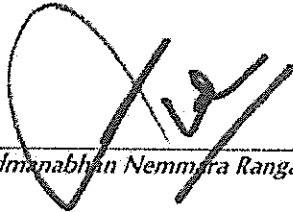
The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

### 6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors



*Padmanabhan Nemmara Ranganathan Iyer*



*Gaurav Singh*

Date: May 21, 2020

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF 3I INFOTECH ASIA PACIFIC PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**  
*(Incorporated in the Republic of Singapore)*

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**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 March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

Without qualifying our opinion, we draw attention to **Note 2** to the financial statements. The Company's current liabilities exceeded its current assets by S\$1,497,202. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will continue to be available. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation on of the Company's assets and further costs, which might arise.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to **Note 6** and **Note 9** to the financial statements. The Company has investment in subsidiary amounting to S\$415,050 and receivable balance of S\$716,010 from a subsidiary named 3i Infotech (Thailand) Limited. The subsidiary has a capital deficit amounting to S\$225,165 (approximately THB5.17 million) and current liabilities exceeded its current assets by S\$519,413 (approximately THB11.92 million) for the year ended March 31, 2020.



**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF 3I INFOTECH ASIA PACIFIC PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**  
*(Incorporated in the Republic of Singapore)*

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**Emphasis of Matter (Cont'd)**

The management does not consider any impairment and allowance for expected credit losses are necessary for the cost of investment and receivable balance from the subsidiary based on its past three years results that has been profitable, and also its forecasted earnings that is expected to be profitable too. The recoverability of cost of investment and receivable balance is dependent on the subsidiary's continued profitable operations. The forecast are based on several factors and actual results may differ from the forecast. The subsidiary has made a profit after tax of S\$75,205 approximately THB1.69 million for the financial year ended March 31, 2020.

**Other Information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Directors for the Financial Statements**

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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



**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF 3I INFOTECH ASIA PACIFIC PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**  
*(Incorporated in the Republic of Singapore)*

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**Natarajan & Swaminathan**  
**Public Accountants and Chartered Accountants Singapore**

Date: May 21, 2020

# 3I Infotech Asia Pacific Pte. Ltd.

## Statement of Financial Position

As at March 31, 2020

	Note	<u>2020</u>	<u>2019</u>	<u>2018</u>
		S\$	Restated S\$	Restated S\$
<b>Assets</b>				
<b>Non-current assets</b>				
Plant and equipment	4	72,271	12,791	4,517
Intangible assets	5	-	-	-
Investment in subsidiaries	6	531,210	531,210	116,160
Loan to related company	7	6,409,179	5,768,270	5,221,594
<b>Total non-current assets</b>		<u>7,012,660</u>	<u>6,312,271</u>	<u>5,342,271</u>
<b>Current assets</b>				
Trade receivables	8	1,436,623	2,189,679	1,151,741
Other receivables	9	750,401	818,558	107,768
Advances	10	720	16,368	6,127
Contract assets	11	1,367,863	756,771	910,154
Prepayments		67,916	7,614	9,924
Cash and bank balances	12	182,614	256,162	133,824
<b>Total current assets</b>		<u>3,806,137</u>	<u>4,045,152</u>	<u>2,319,538</u>
<b>Total assets</b>		<u><b>10,818,797</b></u>	<u><b>10,357,423</b></u>	<u><b>7,661,809</b></u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	13	6,116,715	6,116,715	6,116,715
Other reserves	14	151,691	121,457	93,050
Accumulated losses		(2,448,196)	(2,644,917)	(4,801,788)
<b>Total equity</b>		<u>3,820,210</u>	<u>3,593,255</u>	<u>1,407,977</u>
<b>Non-current liabilities</b>				
Borrowings	15	1,304,896	1,257,998	1,215,945
Deferred income	15	390,352	468,422	546,492
<b>Total non-current liabilities</b>		<u>1,695,248</u>	<u>1,726,420</u>	<u>1,762,437</u>
<b>Current liabilities</b>				
Trade payables and accruals	16	1,035,662	969,526	532,451
Other payables	17	2,671,965	2,759,324	2,623,059
Borrowings	15	154,569	63,537	-
Deferred income	15	78,070	78,070	78,070
Contract liabilities	18	1,363,073	1,167,291	1,257,815
<b>Total current liabilities</b>		<u>5,303,339</u>	<u>5,037,748</u>	<u>4,491,395</u>
<b>Total liabilities</b>		<u>6,998,587</u>	<u>6,764,168</u>	<u>6,253,832</u>
<b>Total equity and liabilities</b>		<u><b>10,818,797</b></u>	<u><b>10,357,423</b></u>	<u><b>7,661,809</b></u>

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



**3I Infotech Asia Pacific Pte. Ltd.**  
**Statement of Comprehensive Income**

*For the financial year ended March 31, 2020*

	Note	<u>2020</u>	<u>2019</u>
		S\$	Restated S\$
Revenue	19	8,950,250	8,714,552
Other income	20	767,310	1,822,594
Cost of sales		(4,018,366)	(2,719,561)
Salaries and employee benefits	21	(3,010,036)	(3,675,430)
Depreciation of plant and equipment	4	(93,561)	(2,876)
Other operating expenses		(2,242,744)	(1,849,288)
Finance costs	22	(147,099)	(133,120)
<b>Profit before income tax</b>	23	205,754	2,156,871
Income tax expense	24	(4,646)	-
<b>Profit after income tax</b>		201,108	2,156,871
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>201,108</b>	<b>2,156,871</b>

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

# 3I Infotech Asia Pacific Pte. Ltd.

## Statement of Changes in Equity

For the financial year ended March 31, 2020

	Note	Share capital	Accumulated losses	Other reserves	Total
		S\$	S\$	S\$	S\$
Balance as at 01.04.2018 as previously stated		6,116,715	(4,773,798)	-	1,342,917
Prior year adjustments	30	-	(27,990)	93,050	65,060
Balance as at 01.04.2018 as restated		6,116,715	(4,801,788)	93,050	1,407,977
Financial guarantee interest waived	14	-	-	28,407	28,407
Total comprehensive income for the year		-	2,156,871	-	2,156,871
Balance as at 31.03.2019		6,116,715	(2,644,917)	121,457	3,593,255
Balance as at 31.03.2019 as previously stated		6,116,715	(2,574,269)	-	3,542,446
Prior year adjustments	30	-	(70,648)	121,457	50,809
Balance as at 31.03.2019 as restated		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	14	-	-	30,234	30,234
Total comprehensive income for the year		-	201,108	-	201,108
Balance as at 31.03.2020		6,116,715	(2,448,196)	151,691	3,820,210

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

# 3I Infotech Asia Pacific Pte. Ltd.

## Statement of Cash Flows

For the financial year ended March 31, 2020

	2020	2019
	S\$	Restated S\$
<b>Cash flows from operating activities</b>		
Profit before income tax	205,754	2,156,871
Adjustments for:		
Depreciation of plant and equipment	93,561	2,876
Foreign exchange gain	(237,425)	(139,450)
Interest expense	147,099	133,120
Interest income	(336,140)	(365,881)
Reversal of allowance for doubtful debts	(31,780)	(638,348)
Allowance/(Reversal) for doubtful unbilled	13,561	(82,969)
Amortisation of deferred income	(78,070)	(78,070)
Reversal of allowance for impairment loss in investment in subsidiary	-	(415,050)
Write off of plant and equipments	-	770
Operating (loss)/profit before working capital changes	(223,440)	573,869
Trade receivables	836,113	(1,115,600)
Other receivables and prepayments	(43,422)	7,530
Advances	15,648	(10,241)
Contract assets	(624,653)	236,352
Trade payables and accruals	66,136	437,075
Other payables	(32,510)	121,322
Contract liabilities	195,782	(90,524)
Cash generated from operations	189,654	159,783
Foreign withholding tax paid	(4,646)	-
Net cash from operating activities	185,008	159,783
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(4,240)	(11,920)
Net cash used in investing activities	(4,240)	(11,920)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(65,069)	-
Payment of principal portion of lease liabilities	(87,596)	-
Other payables - subsidiary	(54,849)	14,943
Interest paid	(46,802)	(40,468)
Net cash used in financing activities	(254,316)	(25,525)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(73,548)	122,338
Cash and cash equivalents brought forward	256,162	133,824
<b>Cash and cash equivalents carried forward</b>	<b>182,614</b>	<b>256,162</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	181,851	255,570
Cash in hand	763	592
	<b>182,614</b>	<b>256,162</b>

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

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

### 1 Corporate information

The Company (Registration No. 200009499R) is a private limited Company incorporated 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 services consultancy with focus on Banking, Financial, Security and Insurance (BFSI) and Enterprises vertical and investment holding.

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

#### *Holding company*

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

#### *Subsidiaries*

Refer **Note 6** to the financial statements for details of the subsidiaries and its principal activities.

### 2 Going concern

As at statement of financial position date, the Company's current liabilities exceeded its current assets by S\$1,497,202 (2019:S\$992,596). The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will continue to be available. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation on of the Company's assets and further costs, which might arise. The directors are satisfied that financial support from the holding company will be available when required.

### 3 Significant accounting policies

#### a) **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of 3I Infotech Asia Pacific Pte. Ltd.. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of 3i Infotech Limited, a company incorporated in India, which prepares consolidated financial statements available for public use. The registered office of 3i Infotech Limited is as follow:

Tower #5

3<sup>rd</sup> to 6<sup>th</sup> Floors International Infotech Park

Vashi, Navi Mumbai, India 400703



**3 Significant accounting policies (Cont'd)****a) Basis of preparation (Cont'd)**

The financial statements are expressed in Singapore Dollar (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer Note 3(b) to the financial statements).

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

FRS 28	(Amendments)	: Long-term Interests in Associates and Joint Ventures
FRS 109	(Amendments)	: Prepayment Features with Negative Compensation
FRS 116		: Leases

***Improvements to FRSs*****Annual Improvements to FRS**

FRS 12	(Amendments)	: Income Taxes
FRS 23	(Amendments)	: Borrowing Costs
FRS 103	(Amendments)	: Business Combinations
FRS 111	(Amendments)	: Joint Arrangements

***Adoption of new and amended standards and interpretations*****FRS 116 Leases**

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings.

### 3 Significant accounting policies (Cont'd)

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

##### FRS 116 Leases (Cont'd)

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	<i>Increase</i>
	S\$
Plant and equipment	148,801
Accumulated losses	4,387
Lease liabilities	<u>153,188</u>

Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 3(s).

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 3(s). The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

##### *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;

### 3 Significant accounting policies (Cont'd)

a) Basis of preparation (Cont'd)

FRS 116 Leases (Cont'd)

*Leases previously accounted for as operating leases (Cont'd)*

- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- right-of-use assets of S\$148,801 were recognised and presented within plant and equipment;
- additional lease liabilities of S\$153,188 were recognised; and
- the net effect of these adjustments of S\$4,387 had been adjusted to accumulated losses. Comparative information is not restated.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	S\$
<b>Operating lease commitments as at 31 March 2019</b>	178,067
Weighted average incremental borrowing rate as at 1 April 2019	7.50%
Discounted operating lease commitments as at 1 April 2019	153,188
<b>Lease liabilities as at 1 April 2019</b>	<b>153,188</b>

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

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

*Key sources of estimation uncertainty*

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

**3 Significant accounting policies (Cont'd)****b) Critical judgments in applying the entity's accounting policies (Cont'd)**Depreciation

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

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 judgment.

Provision for expected credit losses of trade and other receivables

The Company uses a provision matrix to calculate 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.

**c) Foreign currency transactions***(i) Functional currency*

The functional currency of the Company is Singapore Dollar, being the currency of the primary economic environment in which the Company operates.

*(ii) Transactions and balances*

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



### 3 Significant accounting policies (Cont'd)

#### c) Foreign currency transactions (Cont'd)

##### (ii) Transactions and balances (Cont'd)

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

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

#### d) Plant and equipment

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

#### e) Depreciation of plant and equipment

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

Furniture & fixtures	-	10 years
Office equipment	-	5 years
Computers	-	3 years
Right-of-use assets	-	Over the period of lease

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

#### f) 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.

**3 Significant accounting policies (Cont'd)****f) Intangible assets (Cont'd)**

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*

Costs 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.

**g) Investment in subsidiaries**

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

Investments in the subsidiaries are carried at cost less accumulated impairment losses, if any. On disposal of investments in subsidiaries, the differences between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

**h) Impairment of non-financial assets**

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

**3 Significant accounting policies (Cont'd)****h) Impairment of non-financial assets (Cont'd)**

A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**i) Financial instruments**

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

**(i) Financial assets*****Initial recognition and measurement***

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

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

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

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

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

***Subsequent measurement***

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

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")

**3 Significant accounting policies (Cont'd)**i) **Financial instruments (Cont'd)**(i) **Financial assets (Cont'd)***Subsequent measurement (Cont'd)*

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

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

Financial assets at amortised cost

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

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

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

The Company's financial assets at amortised cost includes loan to related company, trade receivables, other receivables and cash and bank balances.

*Derecognition*

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

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



**3 Significant accounting policies (Cont'd)****i) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)*****Derecognition (Cont'd)***

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

***Impairment of financial assets***

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and other 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 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 makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(ii) Financial liabilities*****Initial recognition and measurement***

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

### 3 Significant accounting policies (Cont'd)

#### i) Financial instruments (Cont'd)

##### (ii) Financial liabilities (Cont'd)

###### *Initial recognition and measurement (Cont'd)*

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

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

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

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

###### *Derecognition*

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

#### j) Related parties

A related parties are defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or its holding company.
- (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 classified as related companies);
  - (ii) One entity is an associate or joint venture of the other entity (for 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;

### 3 Significant accounting policies (Cont'd)

#### j) Related parties (Cont'd)

- (iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or its holding company.

#### k) Contract assets

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

#### l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and cash in hand.

#### m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### n) Contract liabilities

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

### 3 Significant accounting policies (Cont'd)

#### o) Revenue recognition

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:-

#### (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.

**3 Significant accounting policies (Cont'd)****o) Revenue recognition (Cont'd)***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 costs. If the unamortised costs exceed the undiscounted cash flow, a loss is recognised.

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

**p) Other income**

The other income is recognised on the following basis:

*Interest income*

Interest income is recognised using the effective interest method.

*Government grant*

Government grant is recognised upon receipt basis.

**3 Significant accounting policies (Cont'd)****q) Employee benefits***Retirement benefit costs*

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

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

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

*Key management personnel*

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

**r) Finance costs**

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

**s) Leases**

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

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 straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### 3 Significant accounting policies (Cont'd)

#### s) Leases (Cont'd)

##### *Right-of-use assets (Cont'd)*

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 3(h).

The Company's right-of-use assets are presented within plant and equipment (Note 4).

##### *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 within lease liabilities (Note 15).

##### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (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 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.

### 3 Significant accounting policies (Cont'd)

#### s) Leases (Cont'd)

These accounting policies are applied on and before the initial application date of FRS 116, 1 April 2019:

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

#### t) Goods and services tax

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

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

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

#### u) Income tax

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

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

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

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

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



# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 3 Significant accounting policies (Cont'd)

#### u) Income tax (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

### 4 Plant and equipment

<u>2020</u>	Office equipment	Computer	Right-of-use asset	Total
	S\$	S\$	S\$	S\$
<b>Cost</b>				
At April 1, 2019	69,286	37,348	-	106,634
Additions	550	3,690	-	4,240
Effect of FRS 116	-	-	148,801	148,801
At March 31, 2020	<u>69,836</u>	<u>41,038</u>	<u>148,801</u>	<u>259,675</u>
<b>Depreciation</b>				
At April 1, 2019	68,911	24,932	-	93,843
Charge for the year	423	5,860	87,278	93,561
At March 31, 2020	<u>69,334</u>	<u>30,792</u>	<u>87,278</u>	<u>187,404</u>
<b>Net book value</b>				
At March 31, 2020	<u>502</u>	<u>10,246</u>	<u>61,523</u>	<u>72,271</u>
<u>2019</u>	Furniture & fittings	Office equipment	Computer	Total
	S\$	S\$	S\$	S\$
<b>Cost</b>				
At April 1, 2018	14,313	70,687	25,428	110,428
Additions	-	-	11,920	11,920
Written off	(14,313)	(1,401)	-	(15,714)
At March 31, 2019	<u>-</u>	<u>69,286</u>	<u>37,348</u>	<u>106,634</u>
<b>Depreciation</b>				
At April 1, 2018	14,313	68,951	22,647	105,911
Charge for the year	-	591	2,285	2,876
Written off	(14,313)	(631)	-	(14,944)
At March 31, 2019	<u>-</u>	<u>68,911</u>	<u>24,932</u>	<u>93,843</u>
<b>Net book value</b>				
At March 31, 2019	<u>-</u>	<u>375</u>	<u>12,416</u>	<u>12,791</u>

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 5 Intangible assets

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<b>Software</b>		
Cost	366,816	366,816
Less: Accumulated amortisation	<u>(366,816)</u>	<u>(366,816)</u>
<b>Net book value</b>	<u><u>-</u></u>	<u><u>-</u></u>

### 6 Investment in subsidiaries

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Unquoted equity shares, at cost	774,001	774,001
Less: Allowance for impairment loss		
- At beginning of year	242,791	657,841
- Reversal	-	<u>(415,050)</u>
- At end of year	<u>242,791</u>	<u>242,791</u>
	<u><u>531,210</u></u>	<u><u>531,210</u></u>

*Details of the subsidiaries as follows:-*

<u>Name of subsidiaries</u>	<u>Country of incorporation and place of business</u>	<u>Principal activities</u>	<u>Percentage of equity held</u>		<u>Cost</u>	
			<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			%	%	S\$	S\$
3i Infotech Sdn Bhd (*) (^)	Malaysia	Providing information technology applications solutions and consultancy services	100	100	116,160	116,160
3i Infotech Services Sdn. Bhd. (*)	Malaysia	Computer software consultancy and provision of computer management services	100	100	242,791	242,791
3i Infotech (Thailand) Limited (#)	Thailand	Providing information technology applications solutions and consultancy services	100	100	415,050	415,050
					<u><u>774,001</u></u>	<u><u>774,001</u></u>

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 6 Investment in subsidiaries (Cont'd)

(\*) Audited by Gerard & Co., Malaysia

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

(^) Shares held in subsidiary is pledged for the corporate guarantee given (refer Note 27 to the financial statements).

### 7 Loan to related company

The unsecured loan extended by the Company amounting to S\$6,409,179 (2019:S\$5,768,270) 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 the 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% (2019:9.89%) per annum.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	<u>6,409,179</u>	<u>5,768,270</u>

### 8 Trade receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Outside parties	1,585,519	2,427,561
Less: Allowance for doubtful debts		
- At beginning of year	237,882	185,346
- Charge for the year	-	86,850
- Amount written off	(5,929)	(25,126)
- Reversal	(83,057)	(9,188)
- At end of year	<u>148,896</u>	<u>237,882</u>
	<u><b>1,436,623</b></u>	<u><b>2,189,679</b></u>

The average credit period ranges between 30 to 60 days (2019:30 to 60 days). No interest is charged on the trade receivables due from outside parties as of year-end.

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 8 Trade receivables (Cont'd)

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Not past due	883,959	1,495,692
Past due 1 to 60 days	114,069	314,755
Past due 61 to 120 days	46,228	331,083
Past due more than 120 days	392,367	48,149
	<u>1,436,623</u>	<u>2,189,679</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.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Brunei Dollar	43,204	53,194
Hong Kong Dollar	24,427	3,073
United States Dollar	903,128	549,274

### 9 Other receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Sundry receivables	51,277	54,327
Less: Allowance for doubtful debts		
- At beginning of year	-	-
- Charge for the year	51,277	-
- At end of year	<u>51,277</u>	-
	-	54,327
Subsidiary	716,010	716,010
Less: Allowance for doubtful debts		
- At beginning of year	-	716,010
- Reversal	-	(716,010)
- At end of year	<u>-</u>	-
	716,010	716,010
Deposits	34,391	48,221
	<u>750,401</u>	<u>818,558</u>

The amount due from subsidiary is unsecured, interest free and repayable on demand.

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 9 Other receivables (Cont'd)

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	-	51,277

### 10 Advances

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Advance for staff	-	4,200
Advance for purchases	720	12,168
	<u>720</u>	<u>16,368</u>

### 11 Contract assets

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Unbilled receivables	1,401,064	776,411
Less: Allowance for doubtful unbilled		
- At beginning of year	19,640	129,461
- Charge for the year	13,561	-
- Amount written off	-	(26,852)
- Reversal	-	(82,969)
- At end of year	<u>33,201</u>	<u>19,640</u>
	<u>1,367,863</u>	<u>756,771</u>

### 12 Cash and bank balances

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cash at bank	181,851	255,570
Cash in hand	763	592
	<u>182,614</u>	<u>256,162</u>

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	<u>75,160</u>	<u>42,103</u>

### 13 Share capital

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	No. of shares issued	S\$	No. of shares issued	S\$
<b>Ordinary shares issued and fully paid</b>				
Balance at beginning and end of year	<u>5,346,202</u>	<u>6,116,715</u>	<u>5,346,202</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 restriction and have no par value.

### 14 Other reserves

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
At beginning of year	121,457	93,050
Charge for the year	30,234	28,407
<b>At end of year</b>	<u>151,691</u>	<u>121,457</u>

Other reserves represent corporate guarantee commission charged by the holding company at interest rate of 1.50% (2019:1.50%) per annum for the corporate guarantee provided for the Company's long-term loan as disclosed in Note 15 to the financial statements. However, the payment is waived by the holding company and is thus credited to other reserves.

### 15 Borrowings

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
<b>Long-term loan (secured):</b>		
Gross long-term loan	1,862,295	1,868,027
Less: Deferred income	(468,422)	(546,492)
	<u>1,393,873</u>	<u>1,321,535</u>
Lease liabilities (secured)	65,592	-
	<u>1,459,465</u>	<u>1,321,535</u>
Current portion of long-term loan	(88,977)	(63,537)
Current portion of lease liabilities	(65,592)	-
<b>Non-current portion</b>	<u>1,304,896</u>	<u>1,257,998</u>

The amount due after 1 year is repayable within the period as follows:-

Within 2 to 5 years	266,929	338,864
After 5 years	1,037,967	919,134
	<u>1,304,896</u>	<u>1,257,998</u>

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 15 Borrowings (Cont'd)

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
<b>Short term loans</b>		
Current portion of long-term loan	88,977	63,537
Current portion of lease liabilities	65,592	-
	<u>154,569</u>	<u>63,537</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 2016.

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 US\$1.5 million executed under seal by holding company (refer **Note 14** to the financial statements).
- (ii) All monies pari passu charge on stock and book debts dated July 25, 2011.

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

	<u>Beginning of year</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>At end of year</u>
	S\$	S\$	<u>Accretion of interest</u>	<u>Foreign exchange movement</u>	S\$
<b>2020</b>					
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>
<b>2019</b>					
Long-term loan	<u>1,215,945</u>	<u>(40,468)</u>	<u>104,713</u>	<u>41,345</u>	<u>1,321,535</u>

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 15 Borrowings (Cont'd)

The borrowings that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	<u>1,393,873</u>	<u>1,321,535</u>

### 16 Trade payables and accruals

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Trade payables:		
- Holding company	487,612	480,829
GST payable	61,970	89,942
Accrued expenses	486,080	398,755
	<u>1,035,662</u>	<u>969,526</u>

The credit term for goods purchased is about 60 days (2019:60 days).

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	<u>487,612</u>	<u>480,829</u>

### 17 Other payables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Sundry payables	99,845	132,355
Subsidiary	2,572,120	2,626,969
	<u>2,671,965</u>	<u>2,759,324</u>

The amount due to subsidiary is unsecured, interest free and repayable on demand.

### 18 Contract liabilities

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Advance from customer	3,399	325
Deferred revenue	1,359,674	1,166,966
	<u>1,363,073</u>	<u>1,167,291</u>



# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 19 Revenue

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<b>Type of income:</b>		
Annual maintenance services	1,774,182	1,997,053
Implementation and support services	5,739,097	6,008,014
Sale of third-party products	153,722	474,369
Sale of own software license	1,283,249	235,116
	<u><b>8,950,250</b></u>	<u><b>8,714,552</b></u>
<b>Timing of revenue recognition:</b>		
At a point in time	1,436,971	709,485
Over time	7,513,279	8,005,067
	<u><b>8,950,250</b></u>	<u><b>8,714,552</b></u>

There is no variable consideration recognised during the financial year.

### 20 Other income

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
Interest income	336,140	365,881
Foreign exchange gain	159,708	117,681
Reversal of allowance for doubtful debts - trade:		
- Outside parties	83,057	-
- Outside parties (unbilled)	-	82,969
Reversal of allowance for doubtful debts - non-trade:		
- Subsidiary	-	716,010
Reversal of allowance for impairment loss in investment in subsidiary	-	415,050
Government grants	-	6,118
Miscellaneous income	6,193	1,957
Reimbursement of expenses	104,142	38,858
Amortisation of deferred income	78,070	78,070
	<u><b>767,310</b></u>	<u><b>1,822,594</b></u>

### 21 Salaries and employee benefits

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Salaries, bonus and allowances	2,710,765	3,379,055
CPF contribution (defined)	130,722	138,396
Directors' remuneration	163,287	153,468
Staff welfare	5,262	4,511
	<u><b>3,010,036</b></u>	<u><b>3,675,430</b></u>

### 21 Salaries and employee benefits (Cont'd)

#### Compensation of directors and key management personnel

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Salaries and employee benefits	163,287	153,468

### 22 Finance costs

	<u>2020</u>	<u>2019</u> Restated
	S\$	S\$
Interest accretion on long-term loan	70,063	64,245
Interest on long-term loan	39,130	40,468
Interest on financial guarantee	30,234	28,407
Interest on lease liabilities	7,672	-
	<u>147,099</u>	<u>133,120</u>

### 23 Profit before income tax

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

	<u>2020</u>	<u>2019</u> Restated
	S\$	S\$
Cost of purchases included in cost of sales	121,939	433,597
Professional charges includes in cost of sales	2,836,518	2,179,131
Partners' fess included in cost of sales	556,532	-
(Reversal)/Allowance for doubtful debts - trade:		
- Outside parties	(83,057)	77,662
- Outside parties (unbilled)	13,561	(82,969)
Allowance/(Reversal) of allowance for doubtful debts - non-trade:		
- Outside parties	51,277	-
- Subsidiary	-	(716,010)
Reversal of allowance for impairment loss in investment in subsidiary	-	(415,050)
Foreign exchange gain	(159,708)	(117,681)
Management fees and senior management cost	1,221,470	1,168,532
Operating lease and rental of premises	65,036	131,773
Common corporate costs	384,504	212,807
Write off of plant and equipment	-	770

**24 Income tax expense**

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Current year	-	-
Foreign withholding tax	4,646	-
	<u>4,646</u>	<u>-</u>

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

	<u>2020</u>	<u>2019</u> Restated
	S\$	S\$
<b>Profit before income tax</b>	<u>205,754</u>	<u>2,156,871</u>
Tax expense at tax rate of 17%	34,978	366,668
Non-taxable income	(56,792)	(228,697)
Non-deductible items	46,593	17,290
Effect of FRS 116	(54)	-
Deferred tax arising in the year not recognized	(24,725)	(155,261)
<b>Income tax expense for the financial year</b>	<u>-</u>	<u>-</u>

As of end of the financial year, the Company has unutilised tax losses of about S\$2,652,184 (2019:S\$2,803,906) 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.

The following deferred tax assets have not been recognised in the financial statements as there is no reasonable assurance of future taxable profits:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Differences in depreciation	(1,100)	(2,200)
Unutilised tax losses	450,900	476,700
	<u>449,800</u>	<u>474,500</u>

**25 Holding company and related company transactions**

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

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

**25 Holding company and related company transactions (Cont'd)**

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Holding company</i>		
Common corporate costs	384,504	212,807
Interest on financial guarantee	30,234	20,407
Infrastructure charges	2,379	2,804
Management fees and senior management cost	1,221,470	1,168,532
Other operating expenses	34,178	11,151
Professional charges	2,841,937	1,774,479
Purchases	-	3,985
	<u>336,140</u>	<u>365,881</u>
<i>Related company</i>		
Interest income	<u>336,140</u>	<u>365,881</u>

**26 Operating lease commitments - as lessee**

The Company leases a premise for office space under non-cancellable operating lease agreements. These leases have a tenure of 2 years.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Rental expense:</i>		
Within 1 year	-	104,234
Within 2 to 5 years	-	73,833
	<u>-</u>	<u>178,067</u>

The Company has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at March 31, 2020.

**27 Corporate guarantees****Note for securities offered under Corporate Debt Restructuring of the holding company**

In terms of the Corporate Debt Restructuring (CDR) package agreed with the lenders participating in CDR package (hereinafter referred to as "CDR Lenders") and the Master Restructuring Agreement (MRA) signed for this purpose, the 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.

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 27 Corporate guarantees (Cont'd)

Corporate guarantees of each of the material subsidiaries of the 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 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.

#### (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>
(I)	(II)	(III)
3I Infotech Limited	3I Infotech Asia Pacific Pte. Ltd.	5,346,202 ordinary shares of S\$1 each
3I Infotech Asia Pacific Pte. Ltd.	3I Infotech Sdn. Bhd.	5,000,000 ordinary shares of RM1 each (refer Note 6 to the financial statements)

### 28 Financial instruments, financial and capital risk management

(a) **Categories of financial instruments**

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<b>Financial assets</b>		
Amortised cost:		
- Loan to related company	6,409,179	5,768,270
- Trade receivables	1,436,623	2,189,679
- Other receivables	750,401	818,558
- Advances	-	4,200
- Cash and bank balances	182,614	256,162
<b>Total financial assets</b>	<b><u>8,778,817</u></b>	<b><u>9,036,869</u></b>
<b>Financial liabilities</b>		
Amortised cost:		
- Trade payables and accruals <i>(excluding GST)</i>	973,692	879,584
- Other payables	2,671,965	2,759,324
- Borrowing	1,459,465	1,321,535
<b>Total financial liabilities</b>	<b><u>5,105,122</u></b>	<b><u>4,960,443</u></b>

(b) **Fair value measurements**

Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial assets measured at fair value.

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

#### (b) Fair value measurements *(Cont'd)*

##### Fair value hierarchy *(Cont'd)*

##### Assets and liabilities not measured at fair value

###### (i) *Trade receivables and trade payables*

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

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

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

###### (iii) *Borrowings and loan to related company*

Borrowings and loan to related company approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

#### (c) Financial risk management

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

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

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

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

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 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.

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 28 Financial instruments, financial and capital risk management (Cont'd)

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

##### Liquidity risk (Cont'd)

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	Cash flows			
		Contractual cash flow	Less than 1 year	Within 2 to 5 years	More than 5 years
	S\$	S\$	S\$	S\$	S\$
<b>2020</b>					
<b>Financial assets</b>					
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	-
<b>Financial liabilities</b>					
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)
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>3,673,695</b>	<b>4,152,781</b>	<b>(1,463,605)</b>	<b>7,217,964</b>	<b>(1,601,578)</b>
<b>2019</b>					
<b>Financial assets</b>					
Loan to related company	5,768,270	6,387,836	-	6,387,836	-
Trade receivables	2,189,679	2,189,679	2,189,679	-	-
Other receivables	818,558	818,558	818,558	-	-
Advances	4,200	4,200	4,200	-	-
Cash and bank balances	256,162	256,162	256,162	-	-
Total undiscounted financial assets	9,036,869	9,656,435	3,268,599	6,387,836	-
<b>Financial liabilities</b>					
Trade payables and accruals	(879,584)	(879,584)	(879,584)	-	-
Other payables	(2,759,324)	(2,759,324)	(2,759,324)	-	-
Borrowings	(1,321,535)	(2,034,598)	(101,659)	(408,049)	(1,524,890)
Total undiscounted financial liabilities	(4,960,443)	(5,673,506)	(3,740,567)	(408,049)	(1,524,890)
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>4,076,426</b>	<b>3,982,929</b>	<b>(471,968)</b>	<b>5,979,787</b>	<b>(1,524,890)</b>

##### Credit risk

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



**28 Financial instruments, financial and capital risk management (Cont'd)****(c) Financial risk management (Cont'd)***Credit risk (Cont'd)*

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.

The Company categories 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.

Cash at banks are placed with credit worthy financial institutions.

*Trade receivables, contract assets, other receivables and loan to related company*

The Company assessed the historical credit loss expense based on 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, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime ECL. The management has estimated an allowance for credit loss based on the trade balances that are outstanding for more than 120 days for trade receivables and more than 365 days for contract assets. Further details of allowance for credit risk are disclosed in **Note 8** and **Note 11** to the financial statements. Based on management assessment exceptions are made for certain receivables for ECL provision as management is confident of recovery.

The Company has no significant exposure of credit risk in relation to any single parties. Trade receivables and contract assets comprises of multiple parties of which trade receivables from five (2019: three) customers comprise of 63% (2019:61%) of the Company's trade receivables. Contract assets includes five (2019:five) customers which make up 82% (2019:65%) of the total contract assets.

The Company has significant exposure of credit risk in relation to its loan to related company comprise of one related company balance that comprise of 100% (2019: one related company balance that comprise of 100%) of the Company's loan to related company.

**28 Financial instruments, financial and capital risk management (Cont'd)****(c) Financial risk management (Cont'd)***Credit risk (Cont'd)*

The Company also has significant exposure of credit risk in relation to its other receivables from one subsidiary balance that comprise of 100% (2019: 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 risks on trade receivables are disclosed in **Note 8** to the financial statements.

*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 Companies loss before tax for the year ended March 31, 2020 would decrease or increase by S\$30,000 (2019:S\$27,000) respectively.

*Foreign currency risk*

The Company is exposed to foreign exchange 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 exchange 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.

*Foreign currency sensitivity analysis*

Any increase or decrease in the foreign currencies rate against the 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.

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 28 Financial instruments, financial and capital risk management (Cont'd)

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

##### *Foreign currency risk (Cont'd)*

##### *Foreign currency sensitivity analysis (Cont'd)*

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Increase in the rate of foreign currencies will increase/(decrease) in profit before tax by:</i>		
Brunei Dollar	4,320	5,319
Hong Kong Dollar	2,443	307
United States Dollar	<u>550,598</u>	<u>460,856</u>

*A corresponding decrease in the rate of foreign currency will have a vice versa effect on the financial performance of the Company.*

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.

##### *Price risk*

The Company have no significant exposure to price risk.

#### (d) Capital risk management

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

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

The management's overall strategy remains unchanged from 2019.

### 29 New accounting standards and FRS interpretations

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

	<u>Effective from annual periods beginning on or after</u>
FRS 1/FRS 8 (Amendments) : Definition of Material	January 1, 2020
FRS 103 (Amendments) : Definition of a Business	January 1, 2020
FRS 109/FRS 39/FRS 107 (Amendments) : Interest Rate Benchmark Reform	January 1, 2020

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

# 3I Infotech Asia Pacific Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 30 Prior year adjustments

The Company has a net long-term loan of S\$1,215,945 as of March 31, 2018 and it includes an interest free long-term loan of S\$826,814. The fair value measurement was omitted for the interest free long-term loan. Thus, prior year adjustment is made to correct the following account balances as under and the account balances are restated.

The holding company has given corporate guarantee for the above long-term loan and the holding company has omitted to charge the corporate guarantee commission to the Company. However, the holding company has waived the payment for this charge. Prior year adjustment is passed to account for the interest expense and the waived amount is credited to other reserves.

The effect of restatements are as follows:

	<u>2019</u>		<u>2018</u>	
	<u>As reclassified</u>	<u>As previously reported</u>	<u>As reclassified</u>	<u>As previously reported</u>
	S\$	S\$	S\$	S\$
<b><u>Statement of comprehensive income</u></b>				
<b>Other income:</b>				
- Foreign exchange gain	117,681	145,757	-	-
- Amortisation of deferred income	78,070	-	-	-
<b>Finance costs:</b>				
Interest accretion on long-term loan	64,245	-	-	-
Interest on financial guarantee	28,407	-	-	-
<b><u>Statement of financial position</u></b>				
<b>Equity:</b>				
- Other reserves	121,457	-	93,050	-
- Accumulated losses	(2,644,917)	(2,574,269)	(4,801,788)	(4,773,798)
<b>Non-current liabilities:</b>				
- Borrowings	1,257,998	1,834,120	1,215,945	1,823,644
- Deferred income	468,422	-	546,492	-
<b>Current liabilities:</b>				
- Borrowings	63,537	84,716	-	81,923
- Deferred income	78,070	-	78,070	-

### 31 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 21, 2020.

*3I Infotech Asia Pacific Pte. Ltd.*

*The Accompanying Supplementary Detailed Income Statement*

*Has Been Prepared For Management Purposes Only*

*And Does Not Form Part Of The Audited Financial Statements*

# 3I Infotech Asia Pacific Pte. Ltd.

## Detailed Income Statement

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
<b>Revenue</b>		
Annual maintenance services	1,774,182	1,997,053
Implementation and support services	5,739,097	6,008,014
Sale of third-party products	153,722	474,369
Sale of its software license	1,283,249	235,116
	<u>8,950,250</u>	<u>8,714,552</u>
<b>Other income</b>		
Interest income	336,140	365,881
Foreign exchange gain	159,708	117,681
Reversal of allowance for doubtful debts - trade:		
- Outside parties	83,057	-
- Outside parties (unbilled)	-	82,969
Reversal of allowance for doubtful debts - non-trade:		
- Subsidiary	-	716,010
Reversal of allowance for impairment loss in investment in subsidiary	-	415,050
Government grants	-	6,118
Miscellaneous income	6,193	1,957
Reimbursement of expenses	104,142	38,858
Amortisation of deferred income	78,070	78,070
	<u>767,310</u>	<u>1,822,594</u>
<b>Cost of sales</b>		
Purchases	(121,939)	(433,597)
Professional charges	(2,836,518)	(2,179,131)
Consulting fees	(462,598)	(55,506)
Partners' fees	(556,532)	-
Infrastructure charges	(4,877)	(9,280)
Travelling expenses	(35,902)	(42,047)
	<u>(4,018,366)</u>	<u>(2,719,561)</u>
<b>Salaries and employee benefits</b>		
Salaries, bonus and allowances	(2,710,765)	(3,379,055)
CPF contribution (defined)	(130,722)	(138,396)
Directors' remuneration	(163,287)	(153,468)
Staff welfare	(5,262)	(4,511)
	<u>(3,010,036)</u>	<u>(3,675,430)</u>
<b>Depreciation of plant and equipment</b>	<u>(93,561)</u>	<u>(2,876)</u>
<b>Other operating expenses</b>		
Allowance for doubtful debts - trade:		
- Outside parties	-	(77,662)
- Outside parties (unbilled)	(13,561)	-
Allowance for doubtful debts - non-trade:		
- Outside parties	(51,277)	-

..... Cont'd

# 3I Infotech Asia Pacific Pte. Ltd.

## Detailed Income Statement

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	S\$	Restated S\$
<b>Other operating expenses (Cont'd)</b>		
Bank charges	(26,221)	(13,159)
Books, periodicals and subscriptions	(1,884)	(41)
Car hire charges	(2,905)	(742)
Computer consumables	(260)	(988)
Conveyance expense	(192)	(6,073)
Courier charges	(4,449)	(3,524)
General expenses	(3,607)	(2,030)
Gifts to clients	(3,612)	(3,776)
Hire charges	(6,512)	(6,524)
Immigration expenses	(10,897)	(5,182)
Insurance	(34,001)	(35,347)
Management fees and senior management cost	(1,221,470)	(1,168,532)
Marketing and support expenses	(16,937)	(284)
Meetings and seminars	(7,641)	-
Office expenses	(474)	(696)
Penalty	(164,214)	(3,044)
Printing and stationery	(4,217)	(1,816)
Professional fees	(45,651)	(35,841)
Rates and taxes	(40)	(8,100)
Recruitment expenses	(44,341)	(21,242)
Operating lease and rental of premises	(65,036)	(131,773)
Repair and maintenance	(300)	(23,620)
Common corporate costs	(384,504)	(212,807)
Sales promotion expenses	(1,200)	(252)
Telephone, telex and fax expenses	(17,574)	(20,946)
Traveling expenses	(107,600)	(62,732)
Utilities	(2,167)	(1,785)
Write off of plant and equipment	-	(770)
	<u>(2,242,744)</u>	<u>(1,849,288)</u>
<b>Finance costs</b>		
Interest accretion on long-term loan	(70,063)	(64,245)
Interest on long-term loan	(39,130)	(40,468)
Interest on financial guarantee	(30,234)	(28,407)
Interest on lease liabilities	(7,672)	-
	<u>(147,099)</u>	<u>(133,120)</u>
<b>Profit before income tax</b>	205,754	2,156,871
<b>Income tax expense:</b>		
- Current year	-	-
- Foreign withholding tax	(4,646)	-
<b>Profit after income tax</b>	<u>201,108</u>	<u>2,156,871</u>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u><u>201,108</u></u>	<u><u>2,156,871</u></u>

Not Part Of Audited Financial Statements