SIS Australia Holdings Pty Ltd

ABN 65 132 211 459

Annual Report
for the year ended 31 March 2019

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for the year ended 31 March 2019

Contents

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of SIS Australia Holdings Pty Ltd and the entities it controlled for the year ended 31 March 2019.

Directors

The following persons were directors of SIS Australia Holdings Pty Ltd during the whole of the financial year and up to the date of this report:

Uday Singh

Rituraj Sinha

Rivoli Sinha

Michael McKinnon

Principal activities

SIS Australia Holdings Pty Ltd ("the Parent"), its subsidiaries and associates are engaged in rendering security and related services consisting of manned guarding, consulting and investigation, training, physical security, paramedic and emergency response services, loss prevention, asset protection, mobile patrols, facility management services, alarm monitoring and response services and installation of electronic security devices and systems.

Dividends

Dividends paid to the shareholder during the financial year amounted to $1,898,734 (2018: $nil).

Review of operations

A summary of consolidated revenues and results is set out below:

Particulars	**31 March 2019 $'000**	31 March 2018 $'000
Revenue	**680,946**	603,466
Earnings before interest, depreciation and amortisation, and taxation	**29,439**	25,779
Depreciation and amortisation	**(4,453)**	(3,260)
Earnings before interest and taxation	**24,986**	22,519
Finance costs	**(4,329)**	(5,938)
Other Income	**1,823**	2,037
Other (loss)/gains	**132**	4,152
Share of profit of associates	**913**	134
Earnings before taxation	**23,525**	22,904
Income tax expense	**(7,719)**	(6,387)
Profit after tax	**15,806**	16,517

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group from the beginning of the financial year to the date of this report, other than those listed below:

Effective the close of business on February 28, 2019, SIS Australia Group Pty Ltd, a subsidiary of the group acquired 51% of the voting rights and shares in Platform 4 Group Limited (P4G) by way of a purchase of shares. Also, effective the close of business on February 28, 2019, SIS Group International Holdings Pty Ltd, another subsidiary of the group acquired 60% of the voting rights and shares in SIS Henderson Holdings Pte Ltd, Singapore (SISHH) by way of a purchase of shares. Both P4G and SISHH as a result of the acquisition have become subsidiaries in the Group. Refer to notes 31 and 32 to the financial statements for further details

Matters subsequent to the end of the financial year

On 1 April 2019, a subsidiary of SX Protective Holdings (formerly Andwills Pty Ltd) Pty Ltd which is a subsidiary of the Group, acquired the business assets of NSR Security for a purchase price of $1,550,000.

Apart from the above, no other matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under either Commonwealth or State legislation.

Insurance of officers

During the financial year, a related entity, MSS Security Pty Limited, paid a premium to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group, with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Group, is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 325 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Uday Singh
Director

Michael McKinnon
Director

Sydney
29 April 2019

Auditor

PricewaterhouseCoopers continues in office in accordance with section 325 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Uday Singh
Director

Michael McKinnon
Director

Sydney
29 April 2019

Auditor's Independence Declaration

As lead auditor for the audit of SIS Australia Holdings Pty Ltd for the year ended 31 March 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SIS Australia Holdings Pty Ltd and the entities it controlled during the period.

David Ronald
Partner
PricewaterhouseCoopers

Sydney
29 April 2019

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These financial statements cover both the separate financial statements of SIS Australia Holdings Pty Ltd as an individual entity and the financial statements of the consolidated entity consisting of SIS Australia Holdings Pty Ltd and its subsidiaries, associates and joint ventures. The financial statements are presented in the Australian dollar.

SIS Australia Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

SIS Australia Holdings Pty Ltd Level 2, 63 - 79 Parramatta Road Silverwater NSW 2128

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1 to 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 29 April 2019. The directors have the power to amend and reissue the financial statements.

SIS Australia Holdings Pty Ltd
Statement of financial position
For the year ended 31 March 2019
All figures in $'000

Particulars	Note No.	Consolidated As at 31 March 2019	Consolidated As at 31 March 2018	Parent entity As at 31 March 2019	Parent entity As at 31 March 2018
ASSETS					
Non-current assets					
Property, plant and equipment	4	**7,226**	5,584	**-**	-
Capital Work-In-Progress	4	**-**	24	**-**	-
Goodwill	5	**189,519**	82,171	**-**	-
Intangible assets	5	**8,140**	4,328	**-**	-
Intangible assets under Development	5	**1,109**	862	**-**	-
Financial assets					
(i) Investments in associates and joint ventures	35	**27,739**	26,826	**-**	-
(ii) Investments in subsidiaries	6	**-**	-	**15,010**	15,010
(iii) Other investments	6	**18,714**	14,992	**-**	-
(iv) Other non-current financial assets	7	**783**	5,976	**-**	-
Deferred tax assets (net)	8	**4,019**	4,816	**-**	25
Other non-current assets	9	**752**	37	**-**	-
Total non-current assets		**258,000**	145,615	**15,010**	15,035
Current assets					
Inventories	10	**228**	337	**-**	-
Financial assets					
(i) Trade receivables	11	**67,662**	47,542	**-**	-
(ii) Cash and Cash Equivalents	12	**65,038**	82,821	**1,693**	918
(iii) Bank Balances other than above	12	**10,000**	-	**-**	-
(iv) Other current financial assets	7	**40,473**	38,489	**121**	-
Other current assets	9	**3,890**	5,336	**1,427**	1,981
Total current assets		**187,290**	174,526	**3,241**	2,899
Total assets		**445,289**	320,140	**18,251**	17,934
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	13	**4,000**	4,000	**4,000**	4,000
Other equity	14	**103,059**	90,056	**259**	(163)
Equity attributable to owners		**107,059**	94,056	**4,259**	3,837
Non-controlling Interests		**6,259**	5,594	**-**	-
Total equity		**113,318**	99,651	**4,259**	3,837
LIABILITIES					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	15	**82,426**	66,902	**-**	-
(ii) Other non-current financial liabilities	18	**121,687**	42,847	**-**	-
Provisions	19	**9,559**	7,880	**-**	-
Total non-current liabilities		**213,673**	117,629	**-**	-
Current liabilities					
Financial liabilities					
(i) Borrowings	15	**3,256**	2,863	**-**	-
(ii) Trade payables	16	**6,322**	9,337	**-**	2
(iii) Derivative financial instruments	17	**206**	113	**-**	-
(iv) Other current financial liabilities	18	**624**	260	**-**	-
Other current liabilities	20	**60,232**	45,576	**13,197**	11,498
Provisions	19	**44,144**	41,275	**-**	-
Current tax liabilities	8	**3,517**	3,436	**794**	2,597
Total current liabilities		**118,299**	102,860	**13,991**	14,097
Total liabilities		**331,972**	220,489	**13,992**	14,097
Total equity and liabilities		**445,290**	320,140	**18,251**	17,934

The above statement of financial position should be read in conjunction with the accompanying notes.

All figures in $'000

Particulars	Note No.	Consolidated For the year ended 31 March 2019	Consolidated For the year ended 31 March 2018	Parent entity For the year ended 31 March 2019	Parent entity For the year ended 31 March 2018
INCOME					
Revenue from operations	21	**680,946**	603,466	**-**	-
Other income	22	**1,823**	2,037	**3,193**	805
Other gain/(loss)	23	**132**	4,152	**-**	-
Total income		**682,901**	609,655	**3,193**	805
EXPENSES					
Purchases of stock-in-trade		**303**	226	**-**	-
Employee benefits expense	24	**509,565**	459,850	**34**	122
Finance costs	25	**4,329**	5,938	**-**	5
Depreciation and amortization expenses	26	**4,453**	3,260	**-**	-
Other expenses	27	**141,638**	117,612	**1,308**	635
Total expenses		**660,289**	586,885	**1,341**	762
Profit before tax and exceptional items		**22,612**	22,770	**1,851**	42
Share of profit/(loss) of associates		**913**	134	**-**	-
Profit before tax		**23,525**	22,904	**1,851**	42
Tax expense/(benefit)					
Current tax		**8,516**	8,040	**(494)**	(352)
Deferred tax		**(797)**	(1,653)	**25**	(12)
Total tax expense	8	**7,719**	6,387	**(469)**	(364)
Profit for the year		**15,806**	16,517	**2,320**	406
Other comprehensive income					
Items that may be reclassified to profit or loss:					
a) Foreign exchange loss on monetary items included in net investment in foreign operations		**4**	-	**-**	-
b) Changes in the fair value of cash flow hedge		**(92)**	60	**-**	-
Items that will not be reclassified to profit or loss:					
a) Re-measurement of employee benefit plan		**(60)**	-	**-**	-
Income tax relating to these items		**45**	(18)	**-**	-
Other comprehensive income for the year (net of taxes)		**(103)**	42	**-**	-
Total comprehensive income for the year		**15,703**	16,559	**2,320**	406
Profit attributable to:					
Owners of the Parent		**14,968**	15,651	**2,320**	406
Non-controlling interests		**838**	866	**-**	-
		15,806	16,517	**2,320**	406
Other comprehensive income attributable to:					
Owners of the Parent		**(98)**	39	**-**	-
Non-Controlling interests		**(5)**	3	**-**	-
		(103)	42	**-**	-
Total comprehensive income attributable to:					
Owners of the Parent		**14,870**	15,690	**2,320**	406
Non-controlling interests		**833**	869	**-**	-
		15,703	16,559	**2,320**	406

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

All figures in $'000

For the Year ended 31 March 2018		Attributable to owners				
Consolidated	Notes	**Equity Share Capital**	**Other Equity**	**Total**	**Non-controlling Interests**	**Total equity**
Balance at 1 April 2017		4,000	74,366	78,366	4,764	83,130
Profit for the year		-	15,650	15,650	867	16,517
Other comprehensive income		-	40	40	2	42
Total comprehensive income for the year		**-**	**15,690**	**15,690**	**869**	**16,559**
Dividends provided for or paid		-	-	-	(39)	(39)
Other appropriation	14	-	-	-	-	-
Balance at 31 March 2018		**4,000**	**90,056**	**94,056**	**5,594**	**99,650**
For the Year ended 31 March 2019						
Balance at 1 April 2018		4,000	90,056	94,056	5,594	99,650
Profit for the year		-	14,968	14,968	838	15,806
Other comprehensive (loss)		-	(98)	(98)	(5)	(103)
Total comprehensive income for the year		**-**	**14,870**	**14,870**	**833**	**15,703**
Dividends provided for or paid		-	(1,899)	(1,899)	(170)	(2,069)
Other reserves (parent contribution)	14	-	26	26	-	26
Transfer to Minority Interest			(2)	(2)	2	-
Other appropriation	14	-	8	8	-	8
Balance at 31 March 2019		**4,000**	**103,059**	**107,059**	**6,259**	**113,318**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SIS Australia Holdings Pty Ltd
Statement of changes in equity
For the year ended 31 March 2019
All figures in $'000

For the year ended 31 March 2018 Parent entity	Notes	**Equity share capital**	**Other equity**	**Total equity**
Balance at 1 April 2017		4,000	(569)	3,431
Profit for the year		-	406	406
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**406**	**406**
Dividends provided for or paid		-	-	-
Other appropriation	14		-	-
As at 31 March 2018		**4,000**	**(163)**	**3,837**
For the year ended 31 March 2019				
Balance at 1 April 2018		4,000	(163)	3,837
Profit for the year		-	2,320	2,320
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**2,320**	**2,320**
Dividends provided for or paid		-	(1,898)	(1,898)
Other appropriation	14	-	-	-
As at 31 March 2019		**4,000**	**259**	**4,259**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

All figures in $'000

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before tax	**23,525**	22,904	**1,851**	42
Adjusted for:				
Depreciation and Amortisation expenses	**4,453**	3,260	**-**	-
Net (gain) / loss on sale of fixed assets	**(132)**	(69)	**-**	-
Finance costs	**4,329**	5,898	**-**	-
Interest income classified as investing cash flows	**(1,823)**	(1,930)	**(10)**	(5)
Dividend Income	**-**	(107)	**(3,183)**	(800)
Bad debts written off	**80**	97	**-**	-
Share of profit of associates and joint ventures	**(913)**	(134)	**-**	-
Employee stock option compensation expense	**66**	79	**32**	79
Other items	**259**	(1,190)	**-**	-
Operating profit/(loss) before working capital changes	**29,844**	28,808	**(1,310)**	(683)
Movement in working capital:				
(Increase) / decrease in Trade receivables	**(4,093)**	(16,724)	**-**	-
Decrease / (increase) in Inventories	**109**	(337)	**-**	-
(Increase) / decrease in loans and advances	**(45)**	(285)	**-**	-
Decrease / (increase) in other current assets	**1,171**	(3,121)	**553**	(13,893)
(Increase) / decrease in other current financial assets	**(1,978)**	(2,711)	**(121)**	-
(Decrease) / increase in Trade payables	**(3,526)**	5,946	**(2)**	-
Increase / (decrease) in provisions	**3,789**	6,651	**-**	-
Increase / (decrease) in other current liabilities	**8,846**	19,216	**358**	13,474
(Increase) / decrease in other non-current assets	**(765)**	(12)	**-**	-
Decrease / (increase) in other non-current financial assets	**8,237**	(2,155)	**-**	-
(Increase) / decrease in other non-current financial liabilities	**(941)**	-	**-**	-
Cash generated / (used in) from operations	**40,648**	35,276	**(522)**	(1,107)
Direct tax paid (net of refunds)	**(7,983)**	(5,331)	**-**	-
Net cash inflow / (outflow) from operating activities	**32,665**	29,945	**(522)**	(1,103)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment/ Intangibles and changes in capital work in progress	**(4,594)**	(2,795)	**-**	-
Proceeds from sale/disposal of property, plant and equipment	**394**	113	**-**	-
Investments made	**(46,986)**	(17,804)	**-**	-
Dividend received	**-**	116	**3,183**	800
Deposit made in Investment reserve account	**(10,000)**	-	**-**	-
Maturity of Term Deposits	**-**	179	**-**	-
Interest received	**1,816**	1,942	**10**	5
Net cash inflow / (outflow) from investing activities	**(59,370)**	(18,249)	**3,193**	805
CASH FLOWS FROM FINANCING ACTIVITIES				

The above statement of cash flows should be read in conjunction with the accompanying notes.

All figures in $'000

Proceeds from term loans	**48,957**	19,010	**-**	-
Repayment of term loans	**(33,432)**	(6,958)	**-**	-
(Repayment) / Proceeds in loans repayable on demand, net	**(623)**	1,310	**-**	-
Interest paid	**(3,915)**	(5,736)	**-**	-
Dividends paid to Parent's shareholders	**(2,068)**	(15)	**(1,899)**	-
Net cash inflow / (outflow) from financing activities	**8,919**	7,611	**(1,899)**	-
Net increase (decrease) in cash and cash equivalents	**(17,786)**	19,307	**772**	(298)
Cash and cash equivalents at the beginning of the year	**82,821**	63,514	**918**	1,217
Effects of exchange rate changes on cash and cash equivalents	**3**	-	**-**	-
Cash and cash equivalents at the end of the year	**65,038**	82,821	**1,693**	918

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes of the financial statements

1. The Group Overview

SIS Australia Holdings Pty Ltd ("the Parent") is a company limited by shares, incorporated and domiciled in Australia and is a wholly owned subsidiary of Security and Intelligence Services (India) Limited (incorporated in India), an entity listed on the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). Its registered office is situated at Level 2, 63- 79 Parramatta Road, Silverwater NSW 2128.

SIS Australia Holdings Pty Ltd ("the Parent"), its subsidiaries and associates are engaged in rendering security and related services consisting of manned guarding, consulting and investigation, training, physical security, paramedic and emergency response services, loss prevention, asset protection, mobile patrols, facility management services, alarm monitoring and response services and installation of electronic security devices and systems.

These financial statements are the consolidated financial statements of SIS Australia Holdings Pty Ltd and its subsidiaries, associates and joint ventures ("the Group") prepared in accordance with applicable accounting standards. A list of subsidiaries is included in Note 34.

These financial statements were authorised for issue by the directors on 26 April 2019.

2. Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and mandatory professional reporting requirements issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements of the group have been prepared to comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB). The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian Dollars (AUD) rounded off to nearest thousand dollars, or in certain cases, the nearest dollar as issued by the Australian Securities and Investments Commission under Class Order 2016/191.

Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant AASB:

a. Certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
b. Share based payments; and
c. Liability in respect of forward contract/ call and put options for acquisition of Non-controlling interests are measured at fair value.
d. Contingent liability and indemnification of asset acquired in a business combination are measured at fair value.

Accounting policies have been applied consistently to all periods presented in these financial statements.

For clarity, various items are aggregated in the statement of comprehensive income and statement of financial position. These items are disaggregated separately in the notes to the financial statements, where applicable.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent its subsidiaries and share in net assets of associates and joint ventures as at, and for the year ended, 31 March 2019. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The acquisition method of accounting is used to account for business combinations by the Group.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent, i.e., year ended on 31 March 2019.

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. The policy for accounting for Business combinations explains the accounting for any related goodwill.

(c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intraGroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. However, intraGroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

(d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(e) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

(f) If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary,
- Derecognises the carrying amount of any non-controlling interests,
- Derecognises the cumulative translation differences recorded in equity,
- Recognises the fair value of the consideration received,
- Recognises the fair value of any investment retained,
- Recognises any surplus or deficit in profit or loss,
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interest
Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Parent's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

2.4 Summary of significant accounting policies

a. Current Versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as either non-current assets or liabilities.

b. Property, plant and equipment

Recognition and measurement
An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Items of property, plant and equipment ('PPE') initially recognised at cost. All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, asset retirement obligation and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of comprehensive income for the year during which such expenses are incurred.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress.

Depreciation
The Group depreciates property, plant and equipment over the estimated useful lives using a written down value method (and straight-line method in respect of certain subsidiaries) from the date the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold improvements are amortised over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated.

Category	Useful life
Furniture and Fixtures	3-10 years
Plant and Machinery	3-10 years
Vehicles	Lease period
Computer Equipment	3-5 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment.

The residual values are not more than 5% of the original cost of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

c. Investment properties
Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and a cost of such expenditure can be measured reliably. All other repair and maintenance costs are recognised in profit or loss as incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using written down value method over their estimated useful lives of 60 years. The useful life is determined based on a technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

d. Intangible assets

Intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life on written down value method (or straight line method in respect of certain subsidiaries) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

The estimated useful lives of assets are as follows:

Category	Useful life
Goodwill	Indefinite
Computer Software	3-10 years
Brand name	Indefinite
Acquired contracts	Expected contract duration
Non-competition agreements	The terms of the respective non-compete agreements

Intangible assets with indefinite useful lives are not amortised, but are tested annualy for impairment, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units, and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or the groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in the Group's case are the respective entities carrying out business.

Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and payroll related costs of employees' time spent on the project.

Brand name
Brand name is not amortised and tested annually for impairment.

Acquired contracts and non-competition agreements
Customer contracts and non-competition agreements acquired on an acquisition of business are recorded at the fair value of respective assets on the date of acquisition. Customer contracts and non-competition agreements are amortised based on their useful life.

e. Investment in subsidiaries, associates and joint ventures
A subsidiary is an entity over which the Group has control. The Group controls an investee when it is exposed to, 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.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividends receivable from associates and joint ventures reduce the carrying amount of the investment.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate or joint venture, for the purpose of reflecting the Group's share of the results of operations of the associate or joint venture, are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit of associates /joint ventures" in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f. Financial instruments

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.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Financial instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statement of comprehensive income. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables. For more information on receivables, refer to note 11.

Financial instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Financial instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of comprehensive income within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments
All equity investments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an Instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of comprehensive income within other gains/losses in the period in which it arises.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Similarly, where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets
The Group recognises loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognised for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of comprehensive income.

Financial liability at fair value through profit or loss also include liabilities arising from forward contract/ call and put options for the purpose of non-controlling interests in subsidiaries and contingent liability acquired in a business combination. The fair value gain/loss arising on such liabilities is recognised in profit or loss.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture where the price of conversion of the debenture into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income as other gains/losses.

Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends upon whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

Derivatives which are not designated as hedges are accounted for at fair value through profit or loss and are included in other gains/ losses. The Group has not designated any derivatives as hedges.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

If the hybrid contract contains a host that is a financial asset, the Group does not separate embedded derivatives. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Reclassification of financial instruments
The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines changes in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group of the counterparty.

g. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

h. Current and deferred tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

The current income tax is a charge calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

SIS Australia Holdings Pty Ltd and its wholly-owned Australian controlled entities are members of a consolidated group under the tax consolidation legislation.

The head entity SIS Australia Holdings Pty Ltd and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

i. Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Group periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Chemicals and consumables: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis or on weighted average method in respect of certain subsidiaries.
- Stores and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

j. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

k. Non-current assets held for sale/distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use and sale is considered highly probable. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposals are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the statement of financial position.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/ distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

l. Contributed Equity
Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m. Trade and Other Payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n. Fair value measurement
The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Fair value hierarchy
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 - 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). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Assets and liabilities are to be measured based on the following valuation techniques:

(a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

(b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.

(c) Cost approach – Replacement cost method.

o. Provisions and Contingent Liabilities
Provisions
A provision is recognised when the Group has a present legal or a constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

Asset Retirement Obligations (ARO)
ARO are recognised for those operating lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

Contingent Liabilities
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

Liabilities recognised in a business combination
A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

p. Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to income are recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of related assets and presented within other income.

q. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties. The Group also recognised a loss allowance for contract assets following the adoption of AASB 9, see note 11 for further information.

Revenue is recognised when the control is transferred to the customer and when the Group has completed its performance obligations under the contract. Revenue is recognised in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Revenue is recognised as follows:

(a) Revenue from services represents the amounts receivable for services rendered.

(b) For non-contract-based business, revenue represents the value of goods delivered or services performed.

(c) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognised in the accounting period in which the services are rendered.

(d) Contract assets representing unbilled revenue net of expected deductions is recognised at the end of each period. Such contract assets are reversed in the subsequent period when an actual invoice is raised.

(e) Contract Liabilities representing revenue billed but for which services have not yet been performed are included under Advances from customers. The same is released to the profit and loss account as and when the services are rendered and the control is transferred to the customer.

(f) Revenue from the use of assets such as rent for using fixed assets is recognised on a straight-line basis over the terms of the related leases unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

Sale of goods
Revenue from the sale of goods is recognised when the control of goods has been transferred, being when the products are delivered to the buyer, the buyer having the full discretion over the use of the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. Certain subsidiaries of the Group provide normal warranty provisions for general repairs for one year on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognised on a straight line basis over the extended warranty period in case warranty is provided to customer for a period beyond one year.

Rendering of services
In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements
When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

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

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.

Interest income
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of comprehensive income.

Dividends
Dividend income from investments are recognised in statement of comprehensive income as other income when the Group's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and amount of the dividend can be measured reliably.

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase and is included in revenue in the statement of comprehensive income due to its operating nature.

r. Foreign currency translation
Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency').

The consolidated financial statements of the Group are presented in Australian Dollars (AUD) which is also the Parent's functional currency.

Transactions in foreign currencies are initially recorded by the entities of the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation or a monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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 is determined. The gain or loss arising on translation of non-monetary items 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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into AUD at the rate of exchange prevailing at the reporting date and their statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates prevailing at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedge of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

s. Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables and accruals.

Bonus

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

Compensated absences

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

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Post-employment obligations: Defined Contribution Plan

The Group's policy is to contribute on a defined contribution basis for eligible employees, to Employees' Superannuation Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

t. Equity settled stock-based compensation

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefit expense with a corresponding increase in equity.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

u. Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

v. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contains a lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the entities of the Group is classified as a finance lease.

(a) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease unless payments are structured to increase in line with the expected general inflation to compensate for the lessors' expected inflationary cost increase.

(b) Finance leases

Certain entities of the Group lease motor vehicles and such leases, where the lessor has passed substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. The outstanding liability is included in other current/ non-current borrowings.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

w. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognised in the statement of comprehensive income is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

x. Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

y. Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

z. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statements of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

aa. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.5 Recently issued accounting pronouncements
New accounting standards and interpretations adopted by the Group

The Group has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current reporting period:

AASB 9 Financial Instruments

The Group has elected to early adopt the revised version of AASB 9 *Financial Instruments* (AASB 2013-9) approved by the AASB on 20 December 2013. The revised standard incorporates the following key changes from AASB 139:

(i) allows hedge accounting of risk components of non-financial items that are identifiable and measurable;

(ii) changes the accounting for the time value of options, the forward element of a forward contract and foreign currency basis spreads designated as hedging instruments; and

(iii) modifies the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80-125%).

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This has replaced AASB 118 which covered revenue arising from the sale of goods and rendering of services and AASB 111 which covered construction contracts. Adoption was mandatory for financial years commencing on or after 1 January 2018. The Group has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The Group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under AASB 15.

As the Group's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by AASB 15, the adoption of AASB 15 has had no impact in respect of timing and amount of revenue currently recognised by the Group and accordingly prior period amounts did not require any restatement.

The Group has also elected to adopt the following amendments early:

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle

There was no impact on the financial position and performance from the adoption of the new Accounting Standards and did not require retrospective adjustments.

New accounting standards and interpretations not yet adopted by the Group

The Group has not elected to apply any pronouncements before their effective date for the annual reporting period ended 31 March 2019. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below:

AASB 16 Leases (applicable for annual reporting periods beginning on or after 1 January 2019)

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments will be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The mandatory application date for AASB 16 is for reporting periods commencing on or after 1 January 2019. The Group will make more detailed assessments of the impact of the new rules over the next twelve months. The expected date of adoption by the Group is 31 March 2020.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3.1 Key estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Litigation provision

At reporting date, the Group assesses its litigation provision. Management is required to use estimates and assumptions in calculating the balance included within this provision.

(ii) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonably foreseeable changes in these key estimates which would have caused an impairment of these asset.

(iii) Valuation of future liability

The Group assesses the fair value of the contingent consideration in a business combination. The future contingent consideration is based on the Group's assessment of likely future outflows and discounted to present value amounts using an appropriate discount rate. Refer to notes 31 and 32 to the financial statements for further details.

All figures in $'000

4. Property, Plant and Equipment

Year ended 31 March 2018

Consolidated Group	Gross block							Depreciation						Net book value
Description of Assets	As at April 1, 2017	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2018	As at March 31, 2018
Plant & Machinery	2,359	130	141	(473)	-	-	2,157	1,788	330	(468)	-	-	1,650	507
Furniture & Fixture	2,155	201	26	(115)	-	-	2,267	1,020	252	(114)	-	-	1,158	1,109
Vehicles	1,596	1,760	1,892	(456)	-	-	4,792	664	1,054	(383)	-	-	1,335	3,457
Computer Equipment	2,177	112	271	(735)	-	-	1,825	1,746	295	(727)	-	-	1,314	5511
	8,287	**2,203**	**2,330**	**(1,779)**	**-**	**-**	**11,041**	**5,218**	**1,931**	**(1,692)**	**-**	**-**	**5,457**	**5,584**
Capital work in progress	21		24	(21)	-		24	-	-	-	-	-	-	24
Grand Total	**8,308**	**2,203**	**2,354**	**(1,800)**	**-**	**-**	**11,065**	**5,218**	**1,931**	**(1,692)**	**-**	**-**	**5,457**	**5,608**

Year ended 31 March 2019

Consolidated Group	Gross block							Depreciation						Net book value
Description of Assets	As at April 1, 2018	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2019	Up to March 31, 2018	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2018	As at March 31, 2019
Plant & Machinery	2,157	340	189	-	-	-	2,686	1,650	321	-	-	-	1,971	715
Furniture & Fixture	2,268	208	424	(12)	-	-	2,887	1,158	252	(86)		-	1,496	1,391
Vehicles	4,792	560	2,469	(661)	-	-	7,160	1,335	1,667	(496)	-	-	2,506	4,654
Computer Equipment	1,825	-	274	(6)	-	-	2,093	1,314	319	(6)		-	1,627	466
	11,041	**1,108**	**3,356**	**(679)**	**-**	**-**	**14,826**	**5,457**	**2,559**	**(416)**	**-**	**-**	**7,600**	**7,226**
Capital work in progress	24	-	-	(24)	-	-	-	-	-	-	-	-	-	-
Grand Total	**11,065**	**1,108**	**3,356**	**(703)**	**-**	**-**	**14,826**	**5,457**	**2,559**	**(416)**	**-**	**-**	**7,600**	**7,226**

All figures in $'000

5. Intangible Assets

Year ended 31 March 2018

Consolidated group	Gross block							Amortisation						Net book value
Description of Assets	As at April 1, 2017	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2018	Up to March 31, 2017	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2018	As at March 31, 2018
Goodwill	22,166	59,994	11	-	-	-	82,171	-	-	-	-	-	-	82,171
Computer Software	6,854	233	263	-	-	-	7,350	6,677	97	-	-	-	6,774	576
Customer Contracts	-	4,932	22	-	-	-	4,954	-	1,233	-	-	-	1,233	3,721
Brand name	31	-	-	-	-	-	31	-	-	-	-	-	-	31
Total	**29,051**	**65,159**	**296**	**-**	**-**	**-**	**94,506**	**6,677**	**1,330**	**-**	**-**	**-**	**8,007**	**86,499**
Intangible Assets under development														
Computer Software	643	-	219	-	-	-	862	-	-	-	-	-	-	862
Grand Total	**29,694**	**65,159**	**515**	**-**	**-**	**-**	**95,368**	**6,677**	**1,330**	**-**	**-**	**-**	**8,007**	**87,361**

Year ended 31 March 2019

Consolidated group	Gross block							Amortisation						Net book value
Description of Assets	As at April 1, 2018	Acquired on Acquisition	Additions during the year	Sale and adjustments	Demerger	Translation Adjustments	As at March 31, 2019	Up to March 31, 2018	For the year	Sale and adjustments	Demerger	Translation Adjustments	Up to March 31, 2019	As at March 31, 2019
Goodwill	82,171	106,921	427	-	-	-	189,519	-	-	-	-	-	-	189,519
Computer Software	7,350	-	308	-	-	-	7,658	6,774	70	-	-	-	6,844	814
Customer Contracts	4,954	4,691	707	-	-	-	10,352	1,233	1,824	-	-	-	3,057	7,295
Brand name	31	-	-	-	-	-	31	-	-	-	-	-	-	31
Total	**94,506**	**111,612**	**1,442**	**-**	**-**	**-**	**207,560**	**8,007**	**1,894**	**-**	**-**	**-**	**9,901**	**197,659**
Intangible Assets under development														
Computer Software	862	-	247	-	-	-	1,109	-	-	-	-	-	-	1,109
Grand Total	**95,368**	**111,612**	**1,689**	**-**	**-**	**-**	**208,669**	**8,007**	**1,894**	**-**	**-**	**-**	**9,901**	**198,768**

All figures in $'000

6. Investments

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Non-current investments				
Investments in Equity Instruments				
Investments in associates				
Unquoted equity shares (fully paid)				
49 equity shares (March 31, 2018: 49) of AUD 1 each fully paid up in Habitat Security Pty Ltd	**100**	41	**-**	-
8,000,000 equity shares (March 31, 2018: 8,000,000) of INR 10 each fully paid up in Service Master Clean Limited	**27,639**	26,785	**-**	-
Total Investment in associates	**27,739**	26,826	**-**	-
Investments in subsidiaries				
10,000 equity shares (March 31, 2018: 10,000) of AUD 1 each fully paid up in SIS Group International Holdings Pty Ltd	**-**	-	**10**	10
15,000,000 equity shares (March 31, 2018: 15,000,000) of AUD 1 each fully paid up in SIS Australia Group Pty Ltd	**-**	-	**15,000**	15,000
Total Investment in subsidiaries	**-**	-	**15,010**	15,010
Other Investments				
Investment in Bonds	**15,255**	14,992	**-**	-
Investments in preference shares in SIS AMC Limited	**3,459**	-	**-**	-
Total other investments	**18,714**	14,992	**-**	-
Total non-current investments	**46,453**	**41,818**	**15,010**	**15,010**
Total investments	**46,453**	41,818	**15,010**	**15,010**

7. Other financial assets

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Other non-current financial assets				
Security deposits	**346**	362	**-**	-
Other non-current financial assets	**437**	5,614	**-**	-
Total Other non-current financial assets	**783**	5,976	**-**	-
Other current financial assets				
Unbilled revenue	**39,021**	38,194	**-**	-
Interest accrued on investments	**301**	295	**-**	-
Advances	**1,151**	-	**121**	-
Total other current financial assets	**40,473**	38,489	**121**	-
Total financial assets	**41,256**	44,465	**121**	-

All figures in $'000

8. Income Tax Assets, Liabilities and Expense

The balance in deferred tax assets (liabilities) comprises temporary differences

Particulars	Consolidated For the year ended **31 March 2019**	31 March 2018	Parent entity For the year ended **31 March 2019**	31 March 2018
Total deferred tax assets (liabilities)	**4,019**	4,816	**-**	25

Reflected in the statement of financial position as

Particulars				
Deferred tax assets	**17,162**	16,207	**33**	25
Deferred tax (liabilities)	**(13,143)**	(11,391)	**(33)**	-
Deferred tax assets, net	**4,019**	4,816	**-**	25

Reconciliation of Consolidated deferred tax assets (liabilities), net

	Property, plant and equipment and investment property	Intangible Assets	Employee provisions	Accruals and other	Allowance for doubtful debts - trade receivables	**Total**
As at April 1, 2017	**117**	**-**	**13,042**	**(10,045)**	**50**	**3,164**
Tax income/(expense) during the period recognised in profit or loss	(1,271)	-	3,050	(192)	47	**1,634**
Tax income/(expense) during the period recognised in OCI			18	-		**18**
Addition on business combination	-	-	-	-	-	**-**
As at March 31, 2018	**(1,154)**	**-**	**16,110**	**(10,237)**	**97**	**4,816**
Tax income/(expense) during the period recognised in profit or loss	(1,258)	(1,619)	970	(547)	3	**(2,451)**
Tax income/(expense) during the period recognised in OCI			(18)	-		**(18)**
Addition on business combination	53	1,619	-	-	-	**1,672**
As at March 31, 2019	**(2,359)**	**-**	**17,062**	**(10,784)**	**100**	**4,019**

Deferred tax assets and liabilities above have been determined by applying the income tax rates applicable to respective entities in the group. Deferred tax assets and liabilities in relation to taxes payable by various entities/ under different tax basis have not been offset in the financial statements.

Current tax liabilities

Particulars				
Opening balance	**3,436**	632	**2,597**	632
Add Current tax payable for the year	**8,064**	8,135	**(1,803)**	1,965
Less: Taxes paid	**(7,983)**	(5,331)	**-**	-
Current tax liabilities	**3,517**	3,436	**794**	2,597

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

All figures in $'000

The major components of income tax expense for the years ended 31 March, 2019 and 31 March, 2018 are:

Reflected in the statement of financial position as follows:

Particulars				
Current income tax:				
Current income tax charge	**8,516**	8,040	**(494)**	(352)
Deferred tax:				
Decrease (increase) in deferred tax assets	**(797)**	(1,653)	**25**	(12)
Income tax expense reported in the statement of comprehensive income	**7,719**	6,387	**(469)**	(364)

Reflected in Other Comprehensive Income as Follows:

Particulars				
Income tax charged to OCI	**-**	-	**-**	-

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for 31 March, 2019 and 31 March, 2018 are:

Particulars				
Accounting profit before tax from continuing operations	**23,525**	22,904	**1,851**	42
Tax at the Australian tax rate of 30.0% (2018 -30%)	**7,058**	6,871	**555**	13
Tax effect of amounts which are not deductible in calculating taxable income:				
Share of net profit of associates	**(275)**	(29)	**-**	-
Non-taxable dividends	**-**	-	**(955)**	(240)
Permanent differences	**374**	(318)	**-**	-
Franked divided credits	**562**	(137)	**(69)**	(137)
Income tax expense (benefit)reported in the statement of comprehensive income	**7,719**	6,387	**(469)**	(364)

9. Other Assets

Particulars	**Consolidated For the year ended**		**Parent entity For the year ended**	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Other non-current assets				
Other advances	**752**	37	**-**	-
Total Other non-current assets	**752**	37	**-**	-
Other current assets				
Balances with related parties	**74**	2,509	**1,400**	1,954
Prepaid expenses	**3,791**	2,827	**27**	27
Other advances	**25**	-	**-**	-
Total other current assets	**3,890**	5,336	**1,427**	1,981
Total other assets	**4,642**	5,373	**1,427**	1,981

10. Inventory

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Uniforms	**34**	31	**-**	-
Consumables	**193**	**306**	**-**	**-**
Total Inventories at the lower of cost or net realisable value	**228**	337	**-**	-

11. Trade Receivables

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Trade receivables	**67,927**	47,758	**-**	-
Less: Loss Allowance	**265**	216	**-**	-
Total trade receivables	**67,662**	47,542	**-**	-

12. Cash and Bank Balances

Cash and cash equivalents

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Balance with banks:				
On current accounts	**65,038**	82,821	**1,693**	918
Cash on hand	**-**	-	**-**	-
Total cash and cash equivalent	**65,038**	82,821	**1,693**	918
Other bank balances				
Balances with Banks - restricted balances*	**10,000**	-	**-**	-
Total other bank balances	**10,000**	-	**-**	-

*The restricted balances are not included in cash and cash equivalents due to the restrictive nature of this balance.

13. Equity Share Capital

a. Share capital

Particulars	**31 March 2019 Shares**	31 March 2018 Shares	**31 March 2019 $'000**	31 March 2018 $'000
Ordinary Shares				
Fully Paid	**501**	501	**4,000**	4,000

b. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of, and amounts paid on, the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have a $1 par value and the Group does not have a limited amount of authorised capital.

All figures in $'000

14. Other Equity

Particulars	Consolidated For the year ended 31 March 2019	Consolidated For the year ended 31 March 2018	Parent entity For the year ended 31 March 2019	Parent entity For the year ended 31 March 2018
Reserves and surplus				
Equity Contribution by Parent	**26**	-	**-**	-
Retained earnings	**103,029**	90,056	**259**	(163)
Total reserves and surplus	**103,055**	90,056	**259**	(163)
Other reserves				
Foreign currency translation reserve	**4**	-	**-**	-
Total other reserves	**4**	-	**-**	-
Total other equity	**103,059**	90,056	**259**	(163)

Retained earnings	**Consolidated**	**Parent entity**
At April 1, 2017	**74,367**	(569)
Add: Net Profit (Loss) for the year	15,650	406
Add: Items of Other Comprehensive Income recognised directly in retained Earnings	39	
Changes in the fair value of cash flow hedge	40	**-**
Less: Appropriations		
Dividends	-	-
At March 31, 2018	**90,056**	**(163)**
Add: Net Profit (Loss) for the year	14,970	2,320
Add: Items of Other Comprehensive Income recognised directly in retained Earnings	(98)	-
Add: Other Appropriations	(1)	-
Less: Appropriations		
Dividends	(1,898)	(1,898)
At March 31, 2019	**103,029**	**259**
Foreign currency translation reserve		
At April 1, 2017		**-**
Net Investment in a foreign operations		
Translation reserve	-	
At March 31, 2018	**-**	**-**
Net Investment in a foreign operations		
Translation reserve	4	
At March 31, 2019	**4**	**-**

Nature and purpose of Reserves

Foreign currency translation Reserve
Translation differences included in the foreign currency translation reserve arise as a result of translating the financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect at the last measurement date of the respective item.

All figures in $'000

15. Borrowings

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Non-current Borrowings				
Term Loans				
From Banks	**79,852**	64,997	**-**	-
Vehicle Loan from various banks	**2,574**	1,905	**-**	-
Total non-current borrowings	**82,426**	66,902	**-**	-
Current Borrowings				
Term Loans				
From Banks	**1,359**	1,310	**-**	-
Vehicle Loan from various banks	**1,897**	1,553	**-**	-
Total current borrowings	**3,256**	2,863	**-**	-
Total borrowings	**85,682**	69,765	**-**	-

16. Trade Payables

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Current trade payables				
Trade payables - Others	**6,322**	9,337	**-**	2
Total current trade payables	**6,322**	9,337	**-**	2
Total trade payables	**6,322**	9,337	**-**	2

The terms and conditions of the above financial liabilities are as follows:

Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service.

For terms and conditions with related parties, refer to note 35.

17. Derivative financial instruments

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Interest rate swap contract - cash flow hedge	**206**	113	**-**	-
Total current derivative financial instrument liabilities	**206**	113	**-**	-

Borrowings of the Group operate with a mix of variable interest rates and interest rate swap contracts which effectively provide a fixed interest rate. It is policy to protect part of the loans from exposure to fluctuations in interest rates.

Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Swaps currently in place cover approximately 45% (2018: 79%) of the loan principal outstanding and are timed to expire as each loan repayment falls due. The contracts require settlement of net interest receivable or payable each quarter. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis. The gain or loss from remeasuring the hedging instrument at fair value is recognized in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current or the prior year.

All figures in $'000

18. Other financial liabilities

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Non-current				
Liability towards put and call options to purchase non-controlling interests in a subsidiary (refer note 37)	**121,687**	42,847	**-**	-
Total Other non-current financial liabilities	**121,687**	42,847	**-**	-
Current				
Interest accrued but not due on borrowings	**624**	260	**-**	-
Total other current financial liabilities	**624**	260	**-**	-
Total other financial liabilities	**122,311**	43,107	**-**	-

19. Provisions

Consolidated

Particulars	IBNR	Leave liabilities	Others	Total
As at March 31, 2018				
Current	764	40,309	202	41,275
Non-current	-	7,880	-	**7,880**
Total	764	48,189	202	**49,155**
As at March 31, 2019				
Current	764	43,265	114	**44,143**
Non-current	-	8,482	1,078	**9,560**
Total	764	51,747	1,192	**53,703**

IBNR

The IBNR, which is the abbreviated form of incurred but not reported (IBNR), are the reserves for claims that become due with the occurrence of the events covered under the insurance policy, but have not been reported yet. The sum of IBNR losses plus reported losses yields an estimate of the total eventual liabilities the insurer will cover, known as ultimate losses.

(i) Movements in provisions

Particulars	IBNR	Leave liabilities	Others	Total
As at March 31, 2018	764	48,189	202	**49,155**
Acquired through business combination	-	725	-	**725**
Charged/(credited) to profit or loss				
additional provision recognised	-	2,774	1,656	**4,430**
unused amounts reversed	-	-	4	**4**
unwinding of discount	-	59	-	**59**
Amounts used during the year	-	-	(670)	**(670)**
As at March 31, 2019	764	51,747	1,192	**53,703**

All figures in $'000

20. Other Liabilities

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Other current liabilities				
Income received in advance	**-**	90	**-**	-
Statutory dues payable	**16,443**	15,665	**-**	-
Advances from related parties	**-**	-	**12,957**	11,361
Sundry Accruals	**43,789**	29,821	**240**	137
Total other current liabilities	**60,232**	45,576	**13,197**	11,498
Total other liabilities	**60,232**	45,576	**13,197**	11,498

21. Revenue from Operations

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Sale of products				
Revenue from sale of equipment	**789**	3,459	**-**	-
Total	**789**	3,459	**-**	-
Rendering of services				
Security services				
From guarding, other security services and emergency response services	**680,149**	597,526	**-**	-
From investigation services	**-**	368	**-**	-
Other services				
From training fees	**8**	174	**-**	-
Total rendering of services	**680,157**	598,068	**-**	-
Other operating revenues	**-**	1,939	**-**	-
Total	**680,157**	600,007	**-**	-
Revenue from operations	**680,946**	603,466	**-**	-
Time of revenue recognition				
At a point in time				
Sale of products	**789**	3,459	**-**	-
Total at a point in time	**789**	**3,459**	**-**	**-**
Over time				
From guarding, other security services and emergency response services	**680,149**	597,894	**-**	-
Other services	**8**	2,113	**-**	-
Total over time	**680,157**	600,007	**-**	-
Revenue from operations	**680,946**	603,466	**-**	-

All figures in $'000

22. Other Income

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Interest income from financial assets at amortised cost	**1,823**	1,931	**10**	5
Dividends Received	**-**	-	**3,183**	800
Total	**1,823**	2,037	**3,193**	805

23. Other (losses)/gains

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Net (loss)/gain on sale of property, plant and equipment	**132**	70	**-**	-
Net gain on financial assets mandatorily measured at fair value through profit or loss	**-**	4,082	**-**	-
Total	**132**	4,152	**-**	-

24. Employee Benefits

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Salaries, wages and bonus	**465,344**	420,646	**1**	39
Contribution to provident and other funds	**32,357**	28,943	**-**	3
Employee share-based payment expense	**66**	79	**33**	79
Staff welfare expenses	**11,798**	10,182	**-**	1
Total employee benefit expense	**509,565**	459,850	**34**	122

25. Finance Costs

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	**4,278**	5,467	**-**	-
Other borrowing costs	**51**	471	**-**	5
Finance costs expenses in profit or loss	**4,329**	5,938	**-**	5

All figures in $'000

26. Depreciation and Amortisation Expenses

Particulars	**Consolidated For the year ended 31 March 2019**	Consolidated For the year ended 31 March 2018	**Parent entity For the year ended 31 March 2019**	Parent entity For the year ended 31 March 2018
Depreciation on property, plant and equipment (Note 4)	**2,559**	1,930	**-**	-
Amortisation of intangible assets (Note 5)	**1,894**	1,330	**-**	-
Total depreciation and amortisation expenses	**4,453**	3,260	**-**	-

27. Other Expenses

Particulars	**Consolidated For the year ended 31 March 2019**	Consolidated For the year ended 31 March 2018	**Parent entity For the year ended 31 March 2019**	Parent entity For the year ended 31 March 2018
Training expenses	**1,457**	1,301	**-**	-
Uniform and kit items	**2,143**	1,931	**-**	-
Selling expenses	**654**	608	**-**	-
Administrative expenses:				
Travelling and conveyance	**9,913**	8,857	**191**	137
Postage and telephone	**2,832**	2,369	**16**	11
Rent	**3,398**	3,198	**-**	-
Rates & taxes	**425**	383	**-**	-
Insurance	**969**	850	**-**	-
Repairs and maintenance:				
Buildings	**199**	133	**-**	-
Machinery	**1,091**	1,152	**-**	-
Information Technology	**2,308**	1,815	**-**	-
Vehicle hire charges	**1,345**	2,081	**-**	-
Payments to auditors (Refer details below)	**629**	509	**106**	85
Legal and professional fees	**3,299**	2,623	**787**	369
Bad and doubtful debts provided/written off	**80**	97	**-**	-
Bank charges	**83**	1	**2**	-
Sub-contracting costs	**108,293**	87,163	**-**	-
Other administration and general expenses	**2,520**	2,541	**206**	33
Total	**141,638**	117,612	**1,308**	635

Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

Particulars	**Consolidated For the year ended 31 March 2019 $**	Consolidated For the year ended 31 March 2018 $	**Parent entity For the year ended 31 March 2019 $**	Parent entity For the year ended 31 March 2018 $
(a) PricewaterhouseCoopers Australia				
(i) Audit and other assurance services				
Audit and review of financial statements	**484,707**	323,637	**155,372**	61,539
Other services	**7,140**	6,424	**7,140**	-
Total remuneration for audit and other services	**491,847**	330,061	**162,512**	61,539
(ii) Taxation services				
Tax services	**118,027**	25,511	**7,650**	-
Total remuneration for taxation services	**118,027**	25,511	**7,650**	-

All figures in $'000

Total remuneration of PricewaterhouseCoopers Australia	**609,874**	355,572	**170,162**	61,539
(b) Other auditors				
(i) Audit and other assurance services				
Audit and review of financial statements	**120,000**	74,800	**-**	-
Other services	**67,153**	58,500	**-**	-
Total remuneration for audit and other services	**187,153**	133,300	**-**	-

28. Distributions Made and Proposed

Particulars	**Consolidated For the year ended**		**Parent entity For the year ended**	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Ordinary shares				
Total dividend paid or provided for	**2,068**	15	**1,899**	-

29. Commitments and Contingencies

a. Operating lease commitments – Group as lessee

The Group leases various offices and remote residential properties under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases motor vehicles and various plant and equipment under non-cancellable operating leases expiring within one to five years.

Particulars	**Consolidated For the year ended**		**Parent entity For the year ended**	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Minimum Lease Payments:				
Not later than one year	**2,367**	3,340	**-**	-
Later than one year but not later than five years	**7,122**	8,427	**-**	-
Later than five years	**4,295**	5,690	**-**	-
Total Minimum Lease Payments	**13,784**	17,457	**-**	-
Rental expenses relating to operating leases				
Particulars				
Total rental expenses relating to operating leases	**4,743**	5,279	**-**	-

b. Finance lease commitments – Group as lessee

Finance lease arrangements comprise of motor vehicles.

Particulars				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	**2,078**	1,600	**-**	-
Later than one year but not later than five years	**2,546**	1,974	**-**	-
Later than five years	**-**	-	**-**	-
Future finance charges	**(153)**	(116)	**-**	-
Total lease liabilities	**4,471**	3,458	**-**	-
Representing lease liabilities (note 15):				
Non-current	**2,574**	**1,905**	**-**	-

All figures in $'000

Current	**1,897**	**1,553**	**-**	**-**
Minimum lease payments	**4,471**	3,458	**-**	**-**

c. Commitment for purchase of non-controlling interests under a put and call option

Effective February 28, 2019, SIS Group International Holdings Pty Ltd, a subsidiary of the Group, acquired 60% of the voting rights and shares in SIS Henderson Holdings Pte Ltd (SISHH) by way of a purchase of shares. SISHH as a result of the acquisition has become a subsidiary in the Group. Further, a deed of put and call option, executed on February 28, 2019 provides an option to SIS Group International Holdings Pty Ltd to acquire the remaining voting rights and equity interests in SISHH on or before October 31, 2023. The Group has recognized a liability of $69.755 million as at March 31, 2019 towards such call and put options.

Effective February 28, 2019, SIS Australia Group Pty Ltd, a subsidiary of the Group, acquired 51% of the voting rights and shares in Platform 4 Group Limited (P4G) by way of a purchase of shares. P4G as a result of the acquisition has become a subsidiary in the Group. Further, a deed of put and call option, executed on February 28, 2019 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in P4G on or after March 31, 2021. The Group has recognized a liability of $9.57 million as at March 31, 2019 towards such call and put options. Further, a deed of put and call option, executed on February 28, 2019 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SISHH on or after March 31, 2021.

Effective July 1, 2017, SIS Australia Group Pty Ltd, a subsidiary of the Group, acquired an additional 41% of the voting rights and shares (in addition to the 10% already held) in Southern Cross Protection Pty Ltd (SXP) and its subsidiaries by way of a purchase of shares and additional voting rights in SX Protective Holdings (SXPH) Pty Ltd (formerly known as Andwills Pty ltd, the parent of SXP). SXP was formerly an associate company and, as a result of the acquisition has become a subsidiary in the Group. Further, a deed of put and call option, executed on June 9, 2017 provides an option to SIS Australia Group Pty Ltd to acquire the remaining voting rights and equity interests in SXP on or after September 30, 2020. In the event that SIS Australia Group pty ltd fails to exercise the option to purchase the balance of SXP interest, the other SXP shareholders have the option to sell the balance of SXP shares to SIS Australia Group Pty ltd at a price to be determined according to an agreed valuation formula. The Group has recognized a liability of $42.262 million as at March 31, 2019 towards such call and put options.

d. Contingent liabilities

The Group had the following contingencies: Bank guarantees and Surety bonds 31 March 2019 $7,646 (31 March 2018 $6,316).

30. Events Occurring After the Balance Sheet Date

On 1 April 2019, a subsidiary of SX Protective Holdings (formerly known as Andwills) Pty Ltd, a subsidiary of the Group, acquired the business assets of NSR Security for a purchase price of $1,550,000. Apart from this, no other matter or circumstance has occurred subsequent to reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

31. Business Combination – SIS Henderson Holdings Pte Ltd.

(a) Acquisition of SIS Henderson Holdings Pte Ltd

On 28 February 2019, SIS International Group Holdings Pty Limited acquired 60% of the voting shares of Henderson Group, consisting of SIS Henderson Holdings Pte Limited (SISHH) and its 100% owned subsidiaries, a non-listed company based in Singapore and specialising in physical security and mobile patrols, in exchange for a cash consideration of $44.9m AUD ($43.1m SGD). The Group acquired SISHH because it provides a new market in which to provide security services.

As part of the acquisition SIS Group International Holdings Pty Limited will acquire all remaining shares it does not already own on or before 31 October 2023.

The Group is deemed to have acquired 100% of SISHH on February 28, 2019 and has elected to measure the interests in the acquire at fair value.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of SISHH as at the date of acquisition were:

Particulars	**Fair value recognised on AUD ($)**
Assets	

Property, plant and equipment	838,929
Cash and cash equivalents	7,302,322
Trade and other receivables	15,017,383
Other assets	105,339
Total assets	**23,263,973**
Liabilities	
Trade and other payables	228,538
Borrowings	110,656
Provisions	3,528,849
Deferred tax liabilities	53,131
Current tax provision	1,121,410
Other Liabilities	2,651,809
Total liabilities	**7,694,393**
Total identifiable net assets at fair value	15,569,580
Goodwill arising on acquisition (Note 5)	95,935,309
Acquired contracts on acquisition (Note 5)	3,116,757
Purchase consideration transferred	**114,621,646**

(i) Significant estimate: contingent consideration
In the event that certain pre-determined business targets are achieved by the Henderson group on or before the year ended 31 October 2023, additional consideration of up to $69,755,223 AUD ($67,055,696 SGD) will be payable in cash on or before 31 October 2023. It's managements expectation that the future consideration be settled over 2 tranche's.

The fair value of liability for call and put options of up to $69,755,223 AUD ($67,055,696 SGD) was estimated by calculating the present value of the future expected cash outflows. The estimates are based on a discount rate of 4.21% and assumed probability adjusted EBITDA of the acquired subsidiary of $12,657m AUD ($12,167m SGD).

(ii) Acquired receivables
The fair value of the trade receivables amounts to $15,017,383 AUD. The gross amount of trade receivables is $15,080,407 of which $63,024 is expected to be uncollectable.

(iii) Goodwill
The goodwill of $96,047,093 comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the SISHH as a whole as the business is deemed as one operating segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

(iv) Revenue and profit contribution
From the date of acquisition, SISHH has contributed $5,071,301 of revenue and $300,024 to the profit before tax from continuing operations of the Group.

If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $62,817,564 and the profit before tax from continuing operations for the Group would have been $5,746,926.

(b) Purchase consideration - cash outflow	**AUD ($)**
Purchase consideration	
Tranche 1 payment	44,866,423
Tranche 2 PV of liability	13,971,405
Tranche 3 PV of liability	55,783,819
Total consideration	**114,621,646**

Transaction costs of $620,687 have been expensed and are included in other expenses.

All figures in $'000

32. Business Combination – Platform 4 Group Ltd.

(a) Acquisition of Platform 4 Group Ltd

On 28 February 2019, SIS Australia Group Pty Limited acquired 51% of the voting shares of Platform 4 Group Limited (P4G), a non-listed company based in New Zealand and specialising in physical security and mobile patrols, in exchange for cash consideration of $1.0m AUD ($1.0m NZD). In addition to the cash consideration SIS Australia Group Pty Ltd injected $0.3m in working capital by way of subscription for fresh equity shares issued to it. The Group acquired P4G because it provides a new market in which to provide security services.

As part of the acquisition SIS Australia Group Pty Limited will acquire all remaining shares it does not already own on or after 31 March 2021.

The Group is deemed to have acquired 100% of P4G on 28 February 2019 and has elected to measure the interests in the acquiree at fair value.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of P4G Limited as at the date of acquisition were:

	Fair value recognised on AUD ($)
Assets	
Property, plant and equipment	269,266
Cash and cash equivalents	137,755
Trade and other receivables	969,147
Total assets	**1,376,168**
Liabilities	
Trade and other payables	283,128
Borrowings	883,172
Provisions	483,248
Current tax provision	155,058
Other Liabilities	197,540
Total liabilities	**2,002,146**
Total identifiable net assets at fair value	(625,978)
Goodwill arising on acquisition (Note 5)	10,873,582
Acquired contracts on acquisition (Note 5)	278,337
Purchase consideration transferred	**10,525,941**

(i) Significant estimate: contingent consideration

In the event that certain pre-determined business targets are achieved by the P4G on or before the year ended 15 August 2020, additional consideration of up to $9,549,591 AUD ($9,932,529 NZD) will be payable in cash on or after 31 March 2021. It's managements expectation that the future consideration be settled over multiple tranche's.

The fair value of liability for call and put options of up to $9,549,591 AUD ($9,932,529 NZD) was estimated by calculating the present value of the future expected cash outflows. The estimates are based on a discount rate of 4.21% and assumed probability adjusted EBITDA of the acquired subsidiary of $9.5m AUD ($9.9m NZD).

(ii) Acquired receivables

The fair value of the trade receivables amounts to $969,417 AUD. The gross amount of trade receivables is $969,417 of which there is not expected to be any uncollectable.

(iii) Goodwill

The goodwill of $10,873,582 comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the P4G as a whole as the business is deemed as one operating segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

All figures in $'000

(iv) Revenue and profit contribution

From the date of acquisition, P4G has contributed $818,242 of revenue and $63,602 to the profit before tax from continuing operations of the Group.

If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $8,276,479 and the profit before tax from continuing operations for the Group would have been $319,327.

(b) Purchase consideration - cash outflow	**AUD ($)**
Purchase consideration	
Tranche 1 payment	976,350
Tranche 2 PV of liability	9,549,591
Total consideration	**10,525,941**

Transaction costs of $107,958 have been expensed and are included in other expenses.

33. Business Combination – Redfrog Security

(a) ***Acquisition of Redfrog business assets***

On 1 November 2018 the Group acquired the business assets of Redfrog Security, a Gold Coast based business, thereby obtaining control. The acquisition was made to enhance the Group's footprint in the region.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Redfrog Security acquired were:

	Fair value recognised on AUD ($)
Assets	
Property, plant and equipment	239,000
Intangible assets	684,293
Total assets	**923,293**
Liabilities	
Borrowings	220,000
Deferred tax liabilities	205,288
Other Liabilities	9,237
Total liabilities	**434,525**
Total identifiable net assets at fair value	
Non-controlling interests measured at fair value	488,768
Goodwill arising on acquisition	205,152
Purchase consideration transferred	**693,920**

(b) Purchase consideration - cash outflow	**AUD ($)**
Purchase consideration	
Amount settled in cash	290,000
Deferred consideration	403,021
Total consideration	**693,920**

All figures in $'000

34. Group Information

Particulars	Country of Incorporation	Class of Shares	Equity Holding ** 2019 %	Equity Holding ** 2018 %
SIS Australia Group Pty Ltd	**Australia**	Ordinary	**100**	100
SIS Group International Holdings Pty Ltd	**Australia**	Ordinary	**100**	100
SIS Henderson Holdings Pte Ltd	**Singapore**	Ordinary	**60**	100
SIS MSS Security Pty Ltd	**Australia**	Ordinary	**100**	100
MSS Strategic Medical and Rescue Pty Ltd	**Australia**	Ordinary	**100**	100
SX Protective Holdings Pty Ltd	**Australia**	Ordinary	**51**	100
Platform 4 Group Ltd	**New Zealand**	Ordinary	**51**	100
MSS Security Pty Ltd	**Australia**	Ordinary	**100**	100
Australian Security Connections Pty Ltd	**Australia**	Ordinary	**100**	100
MSS AJG Pty Ltd	**Australia**	Ordinary	**100**	100
Habitat Security Pty Ltd	**Australia**	Ordinary	**49**	100

** The proportion of ownership interest is equal to the proportion of voting power held.

35. Interest in Other Entities

Particulars	Consolidated For the year ended 31 March 2019	Consolidated For the year ended 31 March 2018	Parent entity For the year ended 31 March 2019	Parent entity For the year ended 31 March 2018
Carrying amount at the beginning of the financial year	**26,826**	32,571	**-**	-
Transfers	**-**	(5,869)	**-**	-
Share of profits after income tax	**913**	134	**-**	-
Dividends received/receivable	**-**	(10)	**-**	-
Carrying amount at the end of the financial year	**27,739**	26,826	**-**	-

36. Related Party Transactions

Consolidated Group		Joint Venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	**Total**
Transactions during the year						
Investments made	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Sale of Investments	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Fixed Assets purchased/(sold)	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**

All figures in $'000

Other receivables and accruals paid	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Other payables and accruals received	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Interest Received on Bonds; Debentures and loans	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Sub-contracting service charge (net) received	Mar-19	-	1,163	-	261	**1,424**
	Mar-18	-	1,096	-	198	**1,294**
Service charges / Expenses paid	Mar-19	-	-	-	2,135	**2,135**
	Mar-18	-	-	-	1,420	**1,420**
Service Charges / other Income received	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Salary & remuneration paid	Mar-19	-	-	2,610	-	**2,610**
	Mar-18	-	-	2,240	-	**2,240**
Rent received	Mar-19	-	-	-	24	**24**
	Mar-18	-	-	-	34	**34**
Rent paid	Mar-19	-	-	-	183	**183**
	Mar-18	-	-	-	132	**132**
Demerger of consultancy and investigation business	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Balances outstanding at end of the year						
Investment in shares	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Other payables and accruals	Mar-19	-	-	506	8	**514**
	Mar-18	-	92	451	-	**543**
Other receivables and accruals	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Bonds and Debentures	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**

Parent Entity		Joint Venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	**Total**
Transactions during the year						
Investments made	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Sale of Investments	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Fixed Assets purchased/(sold)	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
Other receivables and accruals paid	Mar-19	-	-	-	-	**-**
	Mar-18	-	-	-	-	**-**
	Mar-19	-	-	-	-	**-**

All figures in $'000

Other payables and accruals	Mar-18	-	-	-	-	-
Interest Received on Bonds; Debentures and loans	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Sub-contracting service charge (net) received	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Service charges / Expenses paid	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Service Charges / other Income received	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Salary & remuneration paid	Mar-19	-	-	217	-	**217**
	Mar-18	-	-	217	-	**217**
Rent received	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Rent paid	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Demerger of consultancy and investigation business	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Balances outstanding at end of the year						
Investment in shares	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Other payables and accruals	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Other receivables and accruals	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-
Bonds and Debentures	Mar-19	-	-	-	-	-
	Mar-18	-	-	-	-	-

Terms and conditions of transactions with related parties
Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: AUD Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

37. Financial Risk Management

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations and loans, security and other deposits.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the

Group's net investments in foreign subsidiaries. The Group has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Australian Dollar and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Group's operations may be affected as the Australian Dollar appreciates/depreciates against these currencies.

The Group has foreign currency denominated financial liabilities through the SIS Henderson Holdings Pte Ltd Tranche 2 and 3 liabilities and Platform 4 Group Ltd Tranche 2 liability as at March 31, 2019, as follows:

Particulars	31 March 2019		31 March 2018	
	SGD $'000	NZD $'000	SGD $'000	NZD $'000
Other Financial Liabilities	67,291	10,270	-	-

Interest rate risk
Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate which is not material.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**31 March 2019**	31 March 2018
Variable rate borrowings:		
Cash credit	**-**	-
Bank overdraft	**-**	-
Loans	**81,211**	**66,307**
Fixed rate borrowings	**4,471**	3,458
Total borrowings	**85,682**	69,765

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	**31 March 2019**	31 March 2018
Interest rates - increase by 25 basis points *	**(183)**	(116)
Interest rates - decrease by 25 basis points *	**183**	116

*Holding all other variables constant

Credit risk
Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to AUD 67.66 million and AUD 39.02 million respectively as at 31 March 2019 (AUD 47.54 million and AUD 38.19 million respectively as at 31 March 2018). These are unsecured and are managed by the Group through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. No single customer accounted for more than 10% of the accounts receivable as of 31 March 2019 and 31 March 2018, respectively and revenues for the year ended 31 March 2019 and 31 March 2018, respectively. There is no significant concentration of credit risk. The Group uses the expected credit loss ("ECL") method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures.

The credit risk for financial assets other than bank balances and trade receivables are considered low.

All figures in $'000

Significant estimates and judgements

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The Group estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 4.98% of the Group's long term debt will mature in less than one year at 31 March 2019 (31 March 2018: 13.32%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Group believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2019

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	**Total**
Borrowings	1,359	496	1,487	82,340	-	**85,682**
Other Financial Liabilities	-	-	-	-	-	
Trade and other payables	-	6,322	-	-	-	**6,322**
Contingent Consideration	-	-	-	121,687	-	**121,687**

Year ended March 31, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	**Total**
Borrowings	1,310	388	1,165	66,902	-	**69,765**
Other Financial Liabilities	-	-	-	-	-	
Trade and other payables	-	9,337	-	-	-	**9,337**
Contingent Consideration	-	-	-	42,847	-	**42,847**

There has been no default in servicing borrowings and/ or breaches in loan covenants.

The Group has the following financial assets and liabilities at FVTPL which are mandatorily measured at FVTPL.

Particulars	**As at 31 March 2019**	As at 31 March 2018
Financial Assets:		
Investments		
Equity instruments	-	-
Indemnification asset part of business combination	-	-
Total Financial Assets	-	-
Financial Liabilities:		
Liability for forward contract for purchase of non-controlling interests	-	-

All figures in $'000

Liability for call and put options for purchase of non-controlling interests	**121,687**	-
Contingent liability acquired part of business combination	**-**	-
Total Financial Liabilities	**121,687**	-

The Group has the following financial assets which are subject to the impairment requirements. On assessment of the future cash flows arising from these assets, the Group believes that there is no provision required to be made for impairment losses on these assets.

Particulars	**As at**	
	31 March 2019	31 March 2018
Financial Assets:		
Investments in debentures or bonds	**15,255**	14,992
Trade receivables	**67,662**	47,542
Preference shares	**3,459**	-
Total	**86,376**	62,534

As stated in note 2.1 to the financial statements, these general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and mandatory professional reporting requirements issued by the Australian Accounting Standards Board and the Corporations Act 2001.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 55 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Australian Accounting Standards (Reduced disclosure requirements), the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2019 and of their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Uday Singh
Director

Michael McKinnon
Director

Sydney
29 April 2019

As stated in note 2.1 to the financial statements, these general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and mandatory professional reporting requirements issued by the Australian Accounting Standards Board and the Corporations Act 2001.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 55 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards (Reduced disclosure requirements), the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2019 and of their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Uday Singh
Director

Michael McKinnon
Director

Sydney
29 April 2019

Independent auditor's report

To the members of SIS Australia Holdings Pty Ltd

Our opinion

In our opinion:

The accompanying financial report of SIS Australia Holdings Pty Ltd (the Parent entity) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Parent entity's and Group's financial positions as at 31 March 2019 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

The Parent entity and Group financial report comprises:

- the Consolidated and Parent entity statements of financial position as at 31 March 2019
- the Consolidated and Parent entity statements of comprehensive income for the year then ended
- the Consolidated and Parent entity statements of changes in equity for the year then ended
- the Consolidated and Parent entity statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the declaration of the directors'.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Parent entity and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors''s financial reporting

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responsibilities under the *Corporations Act 2001* and to meet the financial reporting provisions of Section 3CA of the *Taxation Administration Act 1953*. Our report is intended solely for SIS Australia Holdings Pty Ltd and its members and should not be used by parties other than SIS Australia Holdings Pty Ltd and its members. Our opinion is not modified in respect of this matter.

Other information

The directors' is responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors' for the financial report

The directors' of the Parent entity is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and Section 3CA of the *Taxation Administration Act 1953* and is appropriate to meet the needs of the members. The directors''s responsibility also includes such internal control as the directors' determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors' is responsible for assessing the ability of the Parent entity and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intends to liquidate the Parent entity or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Ronald

David Ronald
Partner

Sydney
29 April 2019