Company Registration No. 201905888D

# SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Annual Financial Statements
22 February 2019 (date of incorporation) to 31 March 2019

**SIS Henderson Holdings Pte. Ltd. and its subsidiaries**

## General information

**Directors**

Michael John Mckinnon
Lim Tommy
Uday Singh

**Company Secretary**

Lim Horng Ling

**Registered Office**

165 Bukit Merah Central
#06-3661
Singapore 150165

**Auditor**

Yap Pei Li & Co

**Index**

**SIS Henderson Holdings Pte. Ltd. and its subsidiaries**

**Directors' statement**

The directors are pleased to present their report to the members together with the audited consolidated financial statements of SIS Henderson Holdings Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the period ended 31 March 2019.

**Opinion of the directors**

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of comprehensive income, statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and financial performance and changes in equity of the Company for the year ended on that date; and

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

**Directors**

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

Michael John Mckinnon
Lim Tommy
Uday Singh

**Arrangements to enable directors to acquire shares and debentures**

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

**Director's interests in shares and debentures**

(a) According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Company Act, Chapter 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in the name of director | |
|---|---|---|
| | At 22.02.2019 | At 31.03.2019 |
| **The Company** | | |
| (No. of ordinary shares) | | |
| Lim Tommy | 1,688,895 | 675,558 |

**Director's interests in shares and debentures – cont'd**

(b) According to the Register of Director's shareholdings, no director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted.

**Options**

No options were issued by the Company during the financial year. As at 31 March 2019, there were no options on the unissued shares of the Company which were outstanding.

**Auditor**

Yap Pei Li & Co have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Michael John Mckinnon
Director

Tommy Lim
Director

Singapore
30 April 2019

**Independent auditor's report to the member of SIS Henderson Holdings Pte. Ltd.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SIS Henderson Holdings Pte. Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year ended on that date.

### Basis for Opinion

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

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act

YAP PEI LI & CO
Reg. No. [illegible]

**YAP PEI LI & CO**
Public Accountants and Chartered Accountants

Singapore:-
30 April 2019

**SIS Henderson Holdings Pte. Ltd. and its subsidiaries**

**Consolidated statement of comprehensive income**
**For the period ended from 22 February 2019 (date of incorporation) to 31 March 2019**

| | Note | Group 22/2/2019 To 31/3/2019 $ | Company 22/2/2019 to 31/3/2019 $ |
|---|---|---|---|
| **Revenue** | 4 | 7,463,789 | – |
| Other income | 5 | 1,359,608 | 1,893,350 |
| | | 8,823,397 | 1,893,350 |
| **Cost & expenses** | | | |
| Employee benefits expense | 6 | (8,707,978) | – |
| Entertainment and refreshment | | (67,995) | – |
| Insurance | | (4,810) | – |
| Telephone expenses | | (14,086) | – |
| Upkeep of Motor vehicles | | (20,158) | – |
| Uniforms | | (19,541) | – |
| Other operating expenses | | (122,340) | (10,500) |
| **(Loss) / profit from operations** | | (133,511) | 1,882,850 |
| Finance costs | 6 | (420) | – |
| **(Loss) / profit before taxation** | 6 | (133,931) | 1,882,850 |
| Taxation | 7 | (373,033) | 1,785 |
| **(Loss) / profit for the year** | | (506,964) | 1,884,635 |
| Other comprehensive income | | – | – |
| | | (506,964) | 1,884,635 |

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

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

**Consolidated statement of financial position**
**As at 31 March 2019**

| | Note | Group 31.03.2019 $ | Company 31.03.2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Plant and equipment | 8 | 760,874 | – |
| Deferred tax assets | 9 | 77,975 | 1,785 |
| Investment in subsidiaries | 10 | – | 18,666,515 |
| **Total non-current assets** | | 838,849 | 18,668,300 |
| **Current assets** | | | |
| Trade receivables | 11 | 14,477,304 | – |
| Other receivables, deposits and prepayments | 12 | 256,416 | 115,785 |
| Amount due from a subsidiary | 13 | – | 1,893,350 |
| Cash and cash equivalents | 14 | 8,470,507 | – |
| **Total current assets** | | 23,204,227 | 2,009,135 |
| **Total assets** | | 24,043,076 | 20,677,435 |
| **EQUITY AND LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Obligation under finance lease | 17 | 14,582 | – |
| Deferred tax liabilities | 9 | 53,187 | – |
| **Total non-current liabilities** | | 67,769 | – |
| **Current liabilities** | | | |
| Trade payables | 15 | 91,215 | – |
| Other payables and accruals | 16 | 6,176,630 | 1,903,850 |
| Obligation under finance lease | 17 | 82,460 | – |
| Income tax payable | | 1,243,016 | – |
| **Total current liabilities** | | 7,593,321 | 1,903,850 |
| **Total liabilities** | | 7,661,090 | 1,903,850 |
| **Net assets** | | 16,381,986 | 18,773,585 |
| **Equity of the Company** | | | |
| Share capital | 18 | 16,888,950 | 16,888,950 |
| Retained earnings | | (506,964) | 1,884,635 |
| **Total equity** | | 16,381,986 | 18,773,585 |
| **Total equity and liabilities** | | 24,043,076 | 20,677,435 |

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

**Statement of changes in equity**
**For the financial period from 22 February 2019 (date of incorporation) to 31 March 2019**

| | Share capital (Note 18) | Retained earnings/ (Accumulated losses) | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Group** | | | |
| Balance at 22 February 2019 (date of incorporation) | – | – | – |
| Issuance of shares | 16,888,950 | – | 16,888,950 |
| Total comprehensive income for the period | – | (506,964) | (506,964) |
| Balance at 31 March 2019 | 16,888,950 | (506,964) | 16,381,986 |
| **Company** | | | |
| Balance at 22 February 2019 (date of incorporation) | – | – | – |
| Issuance of shares | 16,888,950 | – | 16,888,950 |
| Total comprehensive income for the period | – | 1,884,635 | 1,884,635 |
| Balance at 31 March 2019 | 16,888,950 | 1,884,635 | 18,773,585 |

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

**SIS Henderson Holdings Pte. Ltd. and its subsidiaries**

**Consolidated statement of cash flows**
**For the financial period from 22 February 2019 (date of incorporation) to 31 March 2019**

| | Note | 22.2.2019 To 31.3.2019 |
|---|---|---|
| | | $ |
| **Operating activities:** | | |
| Loss before tax | | (133,931) |
| Adjustments for: | | |
| Depreciation of plant and equipment | 8 | 53,437 |
| Interest expense | | 420 |
| Provision of impairment of trade receivables | | 2,978 |
| **Operating cash flows before changes in working capital** | | (77,096) |
| Changes in working capital: | | |
| Trade receivables | | (641,044) |
| Other receivables, deposits and prepayments | | 750,168 |
| Trade payables | | (50,113) |
| Other payables and accruals | | (7,149,349) |
| **Cash flows used in operations** | | (7,167,434) |
| Income taxes paid | | (211,299) |
| **Net cash used in operating activities** | | (7,378,733) |
| **Investing activities:** | | |
| Purchase of property, plant and equipment | 8 | (7,849) |
| Proceed of property, plant and equipment | | 115,830 |
| Net cash inflow from acquisition | 10 | 15,775,753 |
| **Net cash flows used in investing activities** | | 15,883,734 |
| **Financing activities:** | | |
| Repayment of obligation under finance lease | | (34,074) |
| Interest paid | | (420) |
| **Net cash flows from financing activities** | | (34,494) |
| **Net increase in cash and cash equivalents, representing cash and cash equivalents at the end of the period** | 14 | 8,470,507 |

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

## 1. Corporate information

SIS Henderson Holdings Pte. Ltd. ("the Company") is a private limited liability company incorporated and domiciled in Singapore.

The registered office of the Company is located at 165 Bukit Merah Central, #06-3661 Singapore 150165. The immediate and ultimate holding company is Intelligence Services (India) Limited, which is incorporated in India.

The principal activities of the Company are investment holding.

## 2. Summary of significant accounting policies

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("$").

### 2.2 FRS and INT FRS Issued But Not Effective

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

| **Description** | **Effective for annual periods beginning on or after** |
|---|---|
| FRS 116 *Leases* | 1 January 2019 |
| INT FRS 123 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to FRS 109 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Annual improvements to FRSs (March 2018) | 1 January 2019 |

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

## 2. Summary of significant accounting policies (cont'd)

### 2.3 *Functional and foreign currency*

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 2. Summary of significant accounting policies (cont'd)

### 2.4 *Basis of consolidation and business combinations*

*(a) Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises 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;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

## 2. Summary of significant accounting policies (cont'd)

### 2.4 *Basis of consolidation and business combinations – cont'd*

(b) *Business combinations*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.5 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | Years |
|---|---|
| Motor vehicles | 5 to 10 |
| Office equipment | 3 |
| Security equipment | 3 |
| Renovation | 3 |

## 2. Summary of significant accounting policies (cont'd)

### 2.5 *Property, plant and equipment (cont'd)*

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

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

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

### 2.6 *Financial instruments*

(i) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are :

(a) Amortised cost

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

## 2. Summary of significant accounting policies (cont'd)

### 2.6 *Financial instruments (cont’d)*

(i) Financial assets (cont’d)

Subsequent measurement (cont’d)

*Investments in debt instruments (cont’d)*

(b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

*Investments in equity instruments*

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

*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. Changes in fair values of derivatives are recognised in profit or loss.

Derecognition

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

## 2. Summary of significant accounting policies (cont'd)

### 2.6 *Financial instruments (cont'd)*

(ii) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

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

### 2.7 *Impairment of financial assets*

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

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in

## 2. Summary of significant accounting policies (cont'd)

### 2.7 *Impairment of financial assets (cont'd)*

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

### 2.8 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this cas, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.10 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

## 2. Summary of significant accounting policies (cont'd)

### 2.11 *Provisions*

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

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

### 2.12 *Government grants*

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

### 2.13 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.14 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

## 2. Summary of significant accounting policies (cont'd)

### 2.15 *Employee benefits (cont'd)*

(b) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and arc expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(c) *Employment leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability is recognised for services rendered by employees up to the balance sheet date.

### 2.16 *Lease*

<u>*As lessee*</u>

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

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 2. Summary of significant accounting policies (cont'd)

### 2.17 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns. Based on the group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume rebates payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Company also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

## 2. Summary of significant accounting policies (cont'd)

### 2.17 *Revenue (cont'd)*

(a) *Rendering of services*

The Group renders security services and other support activities like management and maintenance of land, buildings and other properties. Revenue from the provision of package services is recognised upon completion of the series of distinct services rendered over time. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) Interest income

Interest income is recognised on accrual basis (using effective interest method).

### 2.18 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or 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; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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.

## 2. Summary of significant accounting policies (cont'd)

### 2.18 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, 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:

- Where 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; and

- 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 the end of each reporting period 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 reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit 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 end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

## 2. Summary of significant accounting policies (cont'd)

### 2.19 *Share capital and share issuance expenses*

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

### 2.20 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence 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

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence 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.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

## 3. Significant accounting judgements and estimates

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

***Judgements made in applying accounting policies***

Management is of opinion that instances of application of judgement, will not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 3. Significant accounting judgements and estimates (cont'd)

***Key sources of estimation uncertainty***

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

*Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives as stated in Note 2.5 This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The carrying amount of the Group's plant and equipment as at 31 March 2019 is $760,874. Changes in the expected level of usage and technological developments could impact the economic useful lives; therefore future depreciation charges could be revised.

*Impairment of non-financial assets*

The Group assesses impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the recoverable amount. Recoverable amount is defined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. The Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Group's estimates using historical and industry trends, general market and economic conditions, changes in technology and other available information.

## 4. Revenue

| | **Group 22.2.2019 to 31.3.2019** | **Company 22.2.2019 to 31.3.2019** |
|---|---|---|
| | $ | $ |
| Security services | 5,563,141 | – |
| Other services | 1,900,648 | – |
| | 7,463,789 | – |

## 5. Other income

| | Group 22.2.2019 to 31.3.2019 $ | Company 22.2.2019 to 31.3.2019 $ |
|---|---|---|
| Special employment credit | 499,704 | – |
| Wages credit scheme | 857,363 | – |
| Dividend | – | 1,893,350 |
| Others | 2,541 | – |
| | 1,359,608 | 1,893,350 |

## 6. Profit before taxation

| | Group 22.2.2019 to 31.3.2019 $ | Company 22.2.2019 to 31.3.2019 $ |
|---|---|---|
| **Employee benefit expenses** | | |
| Course and training fees | 19,096 | – |
| Employer's CPF and contribution | 793,217 | – |
| Directors' remuneration (including CPF) | 77,480 | – |
| Foreign worker levy | 433,016 | – |
| Medical expenses | 40,090 | – |
| Staff salaries | 7,337,768 | – |
| Staff benefits | 7,311 | – |
| | 8,707,978 | – |
| | | |
| **Operating expenses** | | |
| Impairment loss on trade receivables | 2,978 | – |
| Depreciation | 53,437 | – |
| Office rental | 27,800 | – |
| | 84,215 | – |
| | | |
| **Finance costs** | | |
| Interest on finance lease obligations | 420 | – |
| | 420 | – |

## 7. Income tax expense

***Major components of income tax expense/(credit)***

The major components of income tax expense/(credit) for the financial period ended 31 March was:

| | Group 22.2.2019 to 31.3.2019 $ | Company 22.2.2019 to 31.3.2019 $ |
|---|---|---|
| Current income tax: | | |
| - Current taxation | – | – |
| - Under provision in respect of previous period | 397,821 | |
| | 397,821 | – |
| Deferred income tax: | | |
| - origination and reversal of temporary differences | (24,788) | (1,785) |
| Income tax recognised in statement of comprehensive income | 373,033 | (1,785) |

***Relationship between tax expense/(credit) and accounting loss***

A reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

| | Group 22.2.2019 to 31.3.2019 $ | Company 22.2.2019 to 31.3.2019 $ |
|---|---|---|
| Profit / (loss) before tax | (133,931) | 1,882,850 |
| Taxation at statutory tax rate of 17% | (22,768) | 320,085 |
| Non-deductible expenses | 9,084 | – |
| Income not subject to taxation | – | (321,870) |
| Under provision in respect of previous period | 397,821 | |
| Others | (11,104) | – |
| | 373,033 | (1,785) |

## 8. Plant and equipment

| | Motor vehicle | Office equipment | Security equipment | Renovation | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Group** | | | | | |
| **Cost:** | | | | | |
| At 22 February 2019 | 1,244,198 | 575,315 | 1,063,734 | 759,900 | 3,643,147 |
| Additions | – | – | 7,849 | – | 7,849 |
| Disposals | (224,188) | – | – | – | (224,188) |
| At 31 March 2019 | 1,020,010 | 575,315 | 1,071,583 | 759,900 | 3,426,808 |
| **Accumulated depreciation and impairment:** | | | | | |
| At 22 February 2019 | 703,993 | 536,283 | 881,192 | 599,387 | 2,720,855 |
| Depreciation charge for the year | 14,541 | 2,683 | 22,939 | 13,274 | 53,437 |
| Disposals | (108,358) | – | – | – | (108,358) |
| At 31 March 2019 | 610,176 | 538,966 | 904,131 | 612,661 | 2,665,934 |
| **Net carrying amount:** | | | | | |
| At 31 March 2019 | 409,834 | 36,349 | 167,452 | 147,239 | 760,874 |

***Assets held under finance lease***

The carrying amount of the Group's motor vehicles held under finance leases as at 31 March 2019 is $252,587.

## 9. Deferred tax

(i) ***Deferred tax assets***

Deferred tax assets as at 31 March 2019 relates to the following:

| | Group 31.3.2019 | Company 31.3.2019 |
|---|---|---|
| | $ | $ |
| Excess of tax written down values over net book values of other provisions | 77,595 | 1,785 |

(ii) ***Deferred tax liabilities***

Deferred tax liabilities as at 31 March 2019 relates to the following:

| | | |
|---|---|---|
| Excess of net book values over tax written down values of plant and equipment | 53,187 | – |

## 10. Investments in subsidiaries

| | Company |
|---|---|
| | **31.3.2019** |
| | $ |
| Unquoted shares at cost | 18,666,515 |

| | Name of company (Country of incorporation) | Principal activities (Place of business) | Cost | Percentage of equity held |
|---|---|---|---|---|
| | | | **31.3.2019** | **31.3.2019** |
| | | | $ | % |
| # | Henderson Security Services Pte. Ltd. (Singapore) | Providing security services and other support activities necessary, like management and maintenance of land, buildings and other properties (Singapore) | 16,347,505 | 100 |
| # | Henderson Technologies Pte. Ltd. (Singapore) | Installation of fire protection and security alarm systems (Singapore) | 2,319,010 | 100 |
| | | | 18,666,515 | |

\# Audited by Yap Pei Li & Co, Singapore

*Acquisition of Henderson Security Services Pte. Ltd. ("HSSPL) and Henderson Technologies Pte Ltd ("HTPL")*

On 22 February 2019, the Group acquired the entire equity interest in HSSPL and HTPL, a provider of security services in Singapore. Upon the acquisition, HSSPL and HTPL became a wholly-owned subsidiary of the Group.

The fair value of identifiable assets and liabilities and the effects of the acquisition of HSSPL and HTPL as at the date of acquisition were:

| | Fair vale recognised on acquisition | | |
|---|---|---|---|
| | **HSSPL** | **HTPL** | **Total** |
| | $ | $ | $ |
| Plant and equipment | 749,458 | 172,834 | 922,292 |
| Trade and other receivables | 13,214,738 | 1,515,299 | 14,730,037 |
| Cash and cash equivalents | 14,817,740 | 958,013 | 15,775,753 |
| Net current assets | 28,781,936 | 2,646,146 | 31,428,082 |

## 10. Investments in subsidiaries – cont'd

| | Fair vale recognised on acquisition | | |
|---|---|---|---|
| | **HSSPL** | **HTPL** | **Total** |
| | $ | $ | $ |
| Trade and other payables | (11,309,430) | (264,526) | (11,573,956) |
| Income tax payables | (983,139) | (22,280) | (1,005,419) |
| Obligation under finance lease | (90,787) | (40,330) | (131,117) |
| Deferred tax liabilites | (51,075) | – | (51,075) |
| Net non-current assets | (12,434,431) | (327,136) | (12,761,567) |
| Total idenfifiable net assets at fair value | 16,347,505 | 2,319,010 | 18,666,605 |
| Consideration transferred for the acquisitions | | | |
| Transferred of shares | 16,347,505 | 2,319,010 | 18,666,605 |
| Total consideration transferred | 16,347,505 | 2,319,010 | 18,666,605 |
| Effect of acquisition on cash flows | | | |
| Total consideration for equity interest acquired | 16,347,505 | 2,319,010 | 18,666,605 |
| Less: non-cash consideration | (16,347,505) | (2,319,010) | (18,666,605) |
| Consideration settled in cash | – | – | – |
| Less: Cash and cash equivalents of subsidiaries acquired | 14,817,740 | 958,013 | 15,775,753 |
| Net cash inflow on acquisition | 14,817,740 | 958,013 | 15,775,753 |

## 11. Trade receivables

| | **Group** | **Company** |
|---|---|---|
| | **31.3.2019** | **31.3.2019** |
| | $ | $ |
| Trade receivables – third parties | 14,477,304 | – |

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

## 11. Trade receivables – cont'd

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Trade receivables are stated after deducting provision of impairment loss of trade receivables | 60,585 | – |
| Movement in allowance account: | | |
| Balance at beginning of the year | 60,585 | – |
| Charge to income statement | – | – |
| Balance at end of the year | 60,585 | – |

***Trade receivables that are past due but not impaired***

The Group have trade receivables amounting to approximately $9,251,993 that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Trade receivables past due: | | |
| 30 to 90 days | 7,830,099 | – |
| More than 90 days | 1,421,894 | – |
| | 9,251,993 | – |

## 12. Other receivables, deposits and prepayments

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Prepayments | 55,614 | – |
| Deposits | 65,487 | – |
| Other receivables | 19,530 | – |
| Amounts due from shareholders | 115,785 | 115,785 |
| | 256,416 | 115,785 |

Amounts due from shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

## 13. Amount due from a subsidiary

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

## 14. Cash and cash equivalents

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Cash at bank | 8,085,200 | – |
| Fixed deposit | 385,307 | – |
| | 8,470,507 | – |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 15. Trade payables

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Trade payable – third parties | 91,215 | – |

Trade payables are normally settled on 30 to 60 days term.

## 16. Other payables and accruals

| | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|
| Accruals | 3,325,620 | 10,500 |
| GST payables | 957,660 | – |
| Amounts due to a shareholder | 1,893,350 | 1,893,350 |
| | 6,176,630 | 1,903,850 |

Other payables are non-interest bearing and are normally settled on 30 to 60 days term.

The amounts due to a shareholder who is also a director of the Company are non-trade in nature, unsecured, interest-free and repayable on demand.

## 17. Obligations under finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | 31.3.2019 | |
|---|---|---|
| | Minimum lease payments | Present value of payments |
| | $ | $ |
| **Group** | | |
| Not later than 1 year | 86,604 | 82,460 |
| Later than 1 year but not later than 5 years | 16,233 | 14,582 |
| Total minimum lease payments | 102,837 | 97,042 |
| Less: Amounts representing finance charges | (5,795) | – |
| Present value of minimum lease payments | 97,042 | 97,042 |

There are no restrictions placed upon the Group by entering into the leases. The range of discount rate implicit in the leases is 1.90% to 3.00% per annum for the financial period ended 31 March 2019. The outstanding amount of finance lease obligations is secured by way of a charge over the lease assets (Note 8).

## 18. Share capital

| | Group and Company 31.3.2019 |
|---|---|
| | $ |
| Issued and fully paid: | |
| At 31 March | |
| 1,688,895 ordinary shares | 16,888,950 |

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

## 19. Operating lease commitments

During the financial year, the Group entered into commercial leases relating to the rental of office premises and equipment. Future minimum lease payments under the operating leases are as follows:

| | **Group 31.3.2019** |
|---|---|
| | $ |
| Not later than 1 year | 181,800 |
| Later than 1 year but not later than 5 years | 59,100 |
| | 240,900 |

## 20. Related party transactions

***Sale and purchase of goods***

In addition to those related party information disclosed elsewhere in the financial statements, the Group had the following transactions with related parties, on terms agreed between the respective parties:

| | **22.2.2019 to 31.3.2019** |
|---|---|
| | $ |
| <u>Other related company</u> | |
| Office rental | 7,500 |

## 21. Financial instruments

(a) ***Classification of financial instruments***

| | Note | Group 31.3.2019 $ | Company 31.3.2019 $ |
|---|---|---|---|
| Trade receivables | 11 | 14,477,304 | – |
| Other receivables, deposits and prepayments | 12 | 256,416 | 115,785 |
| Amount due from a subsidiary | 13 | – | 1,893,350 |
| Cash and cash equivalents | 14 | 8,470,507 | – |
| Total loans and receivables | | 23,204,227 | 2,009,135 |
| Trade payables | 15 | 91,215 | – |
| Other payables and accruals | 16 | 6,176,630 | 1,903,850 |
| Obligation under finance lease | 17 | 97,042 | – |
| Total financial liabilities carried at amortised cost | | 6,364,887 | 1,903,850 |

(b) ***Fair values***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

*Financial instruments whose carrying amount approximate fair value*

Management has determined that the carrying amounts of trade receivables, other receivables, deposits and prepayment, amount due from a subsidiary, cash and cash equivalents, trade payables, other payables and accruals, and obligation under finance leases, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

## 22. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise obligation under finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The key financial risks include credit risk and liquidity risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) *Credit risk*

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

<u>Credit risk concentration profile</u>

At the end of the reporting period, there were no significant concentrations of credit risk due to the Group's varied customers.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (trade receivables).

## 22. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that Group will encounter difficulty in meeting financial obligations due to shortage of funds. Liquidity risk arises in the general funding of the Group's business activities. It includes the risks of not being able to fund business activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

The management manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's business operations and development activities.

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

| | **31.3.2019** | | |
|---|---|---|---|
| | **1 year or less**<br>$ | **1 to 5 years**<br>$ | **Total**<br>$ |
| **The Group** | | | |
| **Financial liabilities:** | | | |
| Trade payables | 91,215 | – | 91,215 |
| Other payables and accruals | 6,176,630 | – | 6,176,630 |
| Obligation under finance leases | 86,604 | 16,233 | 102,837 |
| Total undiscounted financial liabilities | 6,354,449 | 16,233 | 6,370,682 |

| | **31.3.2019** | | |
|---|---|---|---|
| | **1 year or less**<br>$ | **1 to 5 years**<br>$ | **Total**<br>$ |
| **The Company** | | | |
| **Financial liabilities:** | | | |
| Trade payables | – | – | – |
| Other payables and accruals | 1,903,850 | – | 1,903,850 |
| Obligation under finance leases | – | – | – |
| Total undiscounted financial liabilities | 1,903,850 | – | 1,903,850 |

## 23. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate amount of capital in order to support its business and maximise shareholder value. The capital managed is defined as the total equity and liabilities of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return to shareholders, fundings through the financial support of shareholders or obtain credit facilities from the financial institutions. No changes were made in the objectives, policies or processes during the financial period ended 31st March 2019.

## 24. Authorisation of financial statements for issue

The financial statements for the period ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 30 April 2019.