Financial Statement

2016-17

Reliance Asset Management (Singapore) Pte. Limited

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Independent auditors' report

Members of the Company
Reliance Asset Management (Singapore) Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Reliance Asset Management (Singapore) Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS28.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

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

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

KPMG

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

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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 April 2017

Statement of financial position
As at 31 March 2017

	Note	2017	2016
		$	$
Non-current assets			
Plant and equipment	5	42,486	51,575
Other investments	6	–	1,011,468
Other receivables	7	–	543,666
		42,486	1,606,709
Current assets			
Trade receivables	8	399,616	234,113
Other receivables and prepayments	7	143,270	579,950
Other investments	6	1,669,387	–
Held-for-trading investments	9	–	238,956
Cash and cash equivalents	10	3,293,155	4,011,072
		5,505,428	5,064,091
Total assets		5,547,914	6,670,800
Equity			
Share capital	11	5,742,533	5,742,533
Fair value reserve		–	–
(Accumulated losses)/Retained earnings		(495,818)	636,224
Total equity		5,246,715	6,378,757
Non-current liabilities			
Hire purchase liabilities	12	–	1,760
Current liabilities			
Hire purchase liabilities	12	1,760	8,604
Other payables	13	299,439	145,106
Deferred income	14	–	136,573
		301,199	290,283
Total liabilities		301,199	292,043
Total equity and liabilities		5,574,914	6,670,800

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2017

	Note	2017	2016
		$	$
Revenue	15	2,170,777	2,080,883
Other income	16	114,323	135,178
Total income		2,285,100	2,216,061
Dealing loss on held-for-trading investment		–	(326,658)
Fair value change on financial assets designated through profit or loss		804,830	89,485
Profit on sale of investments		137,780	800,590
Impairment loss on available-for-sale investment		–	(244,465)
Staff costs	17	(1,606,272)	(1,287,904)
Other operating expenses	18	(2,777,448)	(1,511,757)
Net finance income/(expense)	19	23,968	(2,409)
		(3,417,142)	(2,483,118)
Loss before income tax		(1,132,042)	(267,057)
Income tax expense	20	–	–
Loss for the year		(1,132,042)	(267,057)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		–	(192,216)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss			
- impairment		–	244,465
- on sale/redemption		–	(184,577)
Other comprehensive income for the year, net of income tax		–	(132,328)
Total comprehensive income for the year		(1,132,042)	(399,385)

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

Statement of changes in equity
Year ended 31 March 2017

	Share capital $	Fair value reserve $	Retained earnings $	Total $
At 1 April 2015	5,742,533	132,328	903,281	6,778,142
Total comprehensive income for the year				
Loss for the year	–	–	(267,057)	(267,057)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	(192,216)	–	(192,216)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	59,888	–	59,888
Total other comprehensive income	–	(132,328)	–	(132,328)
Total comprehensive income for the year	–	(132,328)	(267,057)	(399,385)
At 31 March 2016	5,742,533	–	636,224	6,378,757

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

Statement of changes in equity (cont'd)
Year ended 31 March 2017

	Share capital $	Fair value reserve $	Retained earnings/ (Accumulated losses) $	Total $
At 1 April 2016	5,742,533	–	636,224	6,378,757
Total comprehensive income for the year				
Loss for the year	–	–	(1,132,042)	(1,132,042)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	–	–	–
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	–	–	–
Total other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	(1,132,042)	(1,132,042)
At 31 March 2017	5,742,533	–	(495,818)	5,246,715

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

Statement of cash flows
Year ended 31 March 2017

	2017 $	2016 $
Cash flows from operating activities		
Loss before income tax	(1,132,042)	(267,057)
Adjustments for:		
Dividend income	–	(2,951)
Depreciation of plant and equipment	13,601	14,567
Net finance (income)/expense	(23,968)	2,409
Profit on sale of investments	(137,780)	(800,590)
Dealing loss on held-for-trading investment	–	326,658
Fair value change on financial assets designated through profit or loss	(804,830)	(89,485)
Allowance for doubtful receivables	1,253,906	586,168
Impairment loss on available-for-sale investment	–	244,465
	(831,113)	14,184
Changes in working capital:		
Trade receivables	(307,707)	(45,214)
Other receivables and prepayments	(136,899)	(43,576)
Other payables	154,333	(203,587)
Deferred income	(136,573)	(260,717)
Net cash used in operating activities	(1,257,959)	(538,910)
Cash flows from investing activities		
Purchase of plant and equipment	(4,512)	(15,677)
Proceeds from sale/redemption of investments	555,567	–
Dividend received	–	2,951
Net cash from/(used in) investing activities	551,055	(12,726)
Cash flows from financing activities		
Repayment of obligations under hire purchase	(8,604)	(8,604)
Interest paid on hire purchase	(2,409)	(2,409)
Net cash used in financing activities	(11,013)	(11,013)
Net decrease in cash and cash equivalents	(717,917)	(562,649)
Cash and cash equivalents at beginning of year	4,011,072	4,573,721
Cash and cash equivalents at end of year	3,293,155	4,011,072

Significant non-cash transaction

As at 31 March 2015, the Company was holding US$ 1,900,000 nominal value of bonds received from the liquidation of India Equity Growth Fund Limited. On maturity date of 30 April 2015, the investee company has offered in an exchange memorandum dated 1 July 2015 the repurchase terms and considerations ('Exchange Offer') to holders of the convertible bonds (See Note 6). The Company took up the Exchange Offer and recognised a bond of $743,152 and receivables from exchange of Bonds of $1,359,165. During 2016, a gain on disposal of $800,590 was recognised in profit or loss account arising from the transaction.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2017.

1 Domicile and activities

Reliance Asset Management (Singapore) Pte. Ltd. (the "Company") is incorporated in Singapore. The address of the Company's registered office is 9 Raffles Place, #18-05, Republic Plaza, Singapore 048619.

The principal activity of the Company is that of fund management and investment advisory services.

The Company's immediate and ultimate holding company during the financial year are Reliance Nippon Life Asset Management Limited and Reliance Capital Ltd respectively. Both companies are incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in Note 4.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised in other comprehensive income.

3.2 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated as fair value through profit or loss comprise equity and debt securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments (see Note 3.1), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company classifies non-derivative financial liabilities into hire purchase liabilities and other payables.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income/other operating expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss, using a yearly reducing balance, over their estimated useful lives on the following bases:

Computers	40.00%
Furniture and fittings	18.10%
Office equipment	13.91%
Motor vehicles	25.89%

Leasehold improvements are amortised over the primary period of the lease on straight line basis. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under hire purchase arrangements are classified as finance leases and are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a hire purchase liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Company considers a decline of 20% to be significant and a period of 9 months to be prolonged.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written-off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after impairment was recognised, then previously recognised impairment loss is reversed though profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

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

Employee leave entitlement

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

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances.

Fund management and investment advisory fees are recognised over the period the services are rendered based on the applicable rates and applicable terms stated in the respective investment management agreements. Where the fee is performance-based, the revenue is only recognised when the amount of revenue can be measured reliably and the criteria defined by the performance fee agreements have been met.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income from investments is recognised in profit or loss when the date that the shareholders' rights to receive payment have been established.

3.9 Government grants

Grants that compensate the Company for expenses incurred are recognised in profit or loss as "other income" on a systematic basis in the same periods in which the expenses are recognised.

3.10 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assists and liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers*, which are mandatory for the adoption by the Company on 1 January 2018, while FRS116 *Lease* is mandatory for adoption by the Company on 1 January 2019.

(i) *FRS 109 Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

Below is the Company's initial assessment:

Classification and measurement

Based on the initial assessment, the Company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables are currently accounted for at amortised cost and will continue to be accounted for using the amortised cost model under FRS 109. For financial assets currently held at fair value, the Company expects to continue measuring these assets at fair value under FRS 109.

Impairment

The Company plans to apply the simplified approach and record lifetime expected impairment loss on all trade receivables and any contract assets arising from application of FRS 115.

Hedge accounting

The Company does not apply any hedge accounting and do not expect significant impact arising from the new hedge accounting requirements under FRS109.

(ii) *FRS 115 Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 118 *Transfers of Assets from Customers*.

Based on the initial assessment, the Company does not expect that the new standard will have significant effect on the financial statements of the Company.

(iii) ***FRS 116 Leases***

FRS 116 introduces a single, on-balance sheet accounting for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Based on the initial assessment, the Company does not expect that the new standard will have significant effect on the financial statements of the Company.

The Company plans to adopt these standards when they become effective.

4 Use of accounting judgments and estimates

Management has assessed the development, selection, application and disclosure of accounting policies and estimates that have the most significant effect on the amounts recognised in the financial statements.

The following are accounting judgements or estimates made by the management in applying accounting policies.

Key sources of estimation uncertainty

Impairment loss on financial assets classified as loans and receivables

See Note 3.5.

5 Plant and equipment

	Computers	Furniture and fittings	Office equipment	Motor vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
At 1 April 2015	8,221	39,545	–	95,488	135,843	279,097
Additions	12,022	2,440	1,215	–	–	15,677
At 31 March 2016	20,243	41,985	1,215	95,488	135,843	294,774
At 1 April 2016	20,243	41,985	1,215	95,488	135,843	294,774
Additions	4,512	–	–	–	–	4,512
At 31 March 2017	24,755	41,985	1,215	95,488	135,843	299,286
Accumulated depreciation						
At 1 April 2015	1,911	4,576	–	86,301	135,843	228,631
Depreciation for the year	5,798	6,351	40	2,379	–	14,568
At 31 March 2016	7,709	10,927	40	88,680	135,843	243,199
At 1 April 2016	7,709	10,927	40	88,680	135,843	243,199
Depreciation for the year	6,053	5,621	164	1,763	–	13,601
At 31 March 2017	13,762	16,548	204	90,443	135,843	256,800
Carrying amounts						
At 1 April 2015	6,310	34,969	–	9,187	–	50,466
At 31 March 2016	12,534	31,058	1,175	6,808	–	51,575
At 1 April 2016	12,534	31,058	1,175	6,808	–	51,575
At 31 March 2017	10,993	25,437	1,011	5,045	–	42,486

The carrying amount of the Company's plant and equipment includes an amount of $5,045 (2016: $6,808) secured in respect of assets held under finance lease.

6 Other investments

	2017	2016
	$	$
Non-current investments		
Available for sale investments		
Quoted equity shares, at fair value	–	178,831
Financial assets designated through profit or loss		
Convertible Bonds	–	832,637
	–	1,011,468

	2017	2016
	$	$
Current investments		
Financial assets designated through profit or loss		
Quoted equity shares	1,669,387	–

The above investments are denominated in the following currencies at the reporting date:

	2017	2016
	$	$
United States dollar	–	832,637
Indian Rupees	1,669,387	–
Singapore dollar	–	178,831

As at 31 March 2015, the Company was holding US$ 1,900,000 nominal value of bonds received from the liquidation of India Equity Growth Fund Limited. On maturity date of 30 April 2015, the investee company has offered in an exchange memorandum dated 1 July 2015 the following repurchase terms and considerations ('Exchange Offer') to holders of the convertible bonds:

(i) Exchange ratio: 100% for every US$100,000 principal (nominal) amount of the Bonds accepting the Exchange Offer;

(ii) a) 50% in 5.35% US$ convertible bond, interest payable semi-annually in arrears, maturing on 1 September 2020; and

b) 50% in cash with accruing interest at 5.25% p.a. payable in three tranches as follows:
- On 30 Sept 2015, payment of USD 285,000 plus interest
- On 31 Aug 2016, payment of USD 285,000 plus interest
- On 31 Jul 2017, payment of USD 380,000 plus interest

The Company has taken up the abovementioned Exchange Offer and a gain on disposal of $800,590 was recognised in profit or loss arising from the transaction during 2016.

As at 31 March 2017, the 50% in 5.35% US$ convertible bond was fully converted into equity shares. In that respect, the Company was issued 1,009,960 shares of Prakash Industries Limited. On 5 April 2017, the 1,009,960 shares were fully disposed for $1,761,278.

Interest receivable under (i) above were not received after the first payment on 30 September 15 and the Company has therefore made a provision against the receivable amount. Similarly, the first two tranches of receivables under (ii) above were not received on the due dates and the Company has made a provision against the receivable amount. The Company has also made a further provision against the amount receivable under the third tranche of receivables which is not expected to be recoverable.

7 Other receivables and prepayments

	Note	2017 $	2016 $
Non-current other receivables			
Receivable from exchange of Bonds	6	–	543,666
Current other receivables			
Refundable deposits		28,530	28,530
GST receivables		5,852	8,150
Interest receivables		26,377	–
Receivable from exchange of Bonds	6	1,529,621	906,929
Allowance for doubtful receivables from exchange of Bonds		(1,529,621)	(417,919)
		60,759	525,690
Prepayment		82,511	54,260
		143,270	579,950

Movements in allowance for other receivables:

	2017 $	2016 $
At beginning of the year	417,919	–
Allowances made	1,111,702	417,919
Allowances written off	–	–
At end of the year	1,529,621	417,919

8 Trade receivables

	2017 $	2016 $
Amounts receivable from rendering services	399,616	234,113
Allowance for doubtful receivables	–	–
	399,616	234,113
Movements in allowance for trade receivables:		
At beginning of the year	–	83,290
Allowances made	142,204	168,249
Allowances written off	(142,204)	(251,539)
At end of the year	–	–

The trade and other receivables are denominated in the following foreign currencies at the reporting date:

	2017 $	2016 $
United States dollar	259,119	1,111,504
Japanese Yen	–	26,304

The ageing of trade and other receivables at the reporting date is:

	Gross 2017 $	Allowance for doubtful receivables 2017 $	Gross 2016 $	Allowance for doubtful receivables 2016 $
Not past due	902,372	582,494	1,079,576	–
Past due 1 - 30 days	–	–	45,517	–
Past due 31 - 90 days	61,584	–	43,973	–
More than 90 days	1,026,040	947,127	552,322	417,919
	1,989,996	1,529,621	1,721,388	417,919

Based on historical default rates, the Company believes that, no additional allowance for doubtful debts is necessary in respect of the trade receivables not past due or past due up to 90 days.

9 Held-for-trading investments

	2017 $	2016 $
Quoted equity shares, at fair value	–	238,956

10 Cash and cash equivalents

	2017 $	2016 $
Cash at bank	792,709	4,010,690
Cash on hand	446	382
Fixed deposits	2,500,000	–
	3,293,155	4,011,072

11 Share capital

	2017 Number of shares	2016 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 April and 31 March	5,742,533	5,742,533

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises issued capital and retained earnings.

There were no changes in the Company's approach to capital management during the year.

As a licensed corporation registered under the Securities and Futures Act (Cap. 289), the Company is also subject to the capital requirements of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13) (the "Regulation"). The base capital requirement is $250,000 and the total risk requirement is defined in the Regulation. The Company monitors its compliance with the requirements of the Regulation on a regular basis and has complied with the externally imposed regulatory capital requirements during the year.

12 Hire purchase liabilities

	Minimum lease payment		Present value of minimum lease payments	
	2017	2016	2017	2016
	$	$	$	$
Amounts payable under hire purchase arrangements:				
Within one year	1,760	11,016	1,760	8,604
Within second to fifth year inclusive	–	1,757	–	1,760
After five years	–	–	–	–
	1,760	12,773	1,760	10,364
Less: Future finance charges	–	(2,409)	–	–
Present value of hire purchase obligations	1,760	10,364	1,760	10,364
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,760)	(8,604)	(1,760)	(8,604)
Amount due from settlement after 12 months	–	1,760	–	1,760

The average hire purchase term is 10 years (2016: 10 years). For the financial year ended 31 March 2017, the average effective borrowing rate was 5.217% (2016: 5.217%). Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. All hire purchase arrangements are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

13 Other payables

	2017 $	2016 $
Accrual for unutilised leave	32,565	32,565
Advisory fees payable to immediate holding company	88,194	22,595
Distribution fees payable	87,758	15,766
Others	90,922	74,180
	299,439	145,106

14 Deferred income

	2017 $	2016 $
Upfront management fee received	–	136,573

15 Revenue

	2017 $	2016 $
Management fee	2,170,777	2,080,883

16 Other income

	2017 $	2016 $
Government grant – Wage credit scheme	1,514	5,760
Government grant – PIC	5,167	2,973
Interest income on bonds	107,642	123,494
Dividend income	–	2,951
	114,323	135,178

17 Staff costs

	2017 $	2016 $
Staff cost (including directors' remuneration)	1,519,796	1,196,692
Cost of defined contribution plans	73,109	75,175
Other benefits	13,367	16,037
	1,606,272	1,287,904

18 Other operating expenses

	2017 $	2016 $
Professional and consultancy charges	145,468	132,763
Rental expenses	111,970	113,570
Depreciation of plant and equipment	13,601	14,567
Exchange (loss)/gain (net)	(21,746)	26,289
Allowance for doubtful receivables	1,253,906	586,168
Advisory and distribution fees	1,022,258	360,243
Others	251,991	278,157
	2,777,448	1,511,757

19 Net finance income/(expense)

	2017 $	2016 $
Finance income from fixed deposits	26,377	–
Finance expense from hire purchase obligations	(2,409)	(2,409)
	23,968	(2,409)

20 Income tax expense

	2017 $	2016 $
Current tax expense		
Current year	–	–

Reconciliation of effective tax rate

	2017 $	2016 $
Loss before income tax	(1,132,042)	(267,057)
Tax calculated using Singapore tax rate of 17%	(192,447)	(45,400)
Non-deductible expenses	197,186	117,320
Non-taxable income	(878)	(136,602)
Current year losses for which no deferred tax asset was recognised	19,455	63,040
Change in unrecognised temporary differences	(22,783)	(21,505)
Others	(533)	23,147
	–	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2017 $	2016 $
Unabsorbed tax losses	13,980,268	13,865,828
Unabsorbed capital allowances	3,598	137,617
Others	657,565	657,565
	14,641,431	14,661,010

The deductible temporary differences do not expire under the current tax legislation. Tax losses are subject to agreement by the tax authorities and compliance with the relevant tax regulations. Deferred tax assets have not been recognised in respect of these items due to the uncertainty of future profit streams.

21 Financial risk management

Overview

The Company is exposed to credit risk, interest rate risk, foreign currency risk, equity price risk and liquidity risk arising from its normal course of business. The Company's approach seeks to minimise the potential material adverse effects from these exposures.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The credit risk on cash and cash equivalents is limited because they are held with regulated financial institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

As of 31 March 2017, the Company has significant concentration of credit risk exposure to Prakash Industries through other investments of $1,669,387.

Interest rate risk

Interest rate risk refers to the risk of adverse impact on the Company due to fluctuation in interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to bonds, short-term fixed deposits in banks and hire purchase obligations. The Company does not hedge against this risk exposure.

Interest rate profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Nominal amount	
	2017	2016
	$	$
Fixed rate instruments		
Bonds	–	832,637
Receivables towards exchange of Bonds	1,327,245	1,359,165
Fixed deposits	2,500,000	–
Hire purchase liabilities	(1,760)	(10,364)
	3,825,485	2,181,438

Fair value sensitivity for fixed rate instruments

The Company accounts for its fixed rate bonds designated at fair value through profit or loss. As of 31 March 2017, a change in interest rates at the reporting date is unlikely to have a significant impact to the profit or loss.

Foreign currency risk

Foreign currency risk arises from a change in foreign exchange rate resulting in an adverse impact on the Company. The Company's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar against the Singapore dollar. It does not hedge such currency exposures.

At the reporting date, the carrying amounts of financial assets and financial liabilities denominated in currency other than the Company's functional currency are as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
	$	$	$	$
United States dollar	984,261	2,178,688	175,952	15,638
Indian Rupees	1,669,387	–	–	–
Japanese Yen	–	26,304	–	13,152

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at the end of the financial year.

A 5% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables in particular interest rates, remain constant.

	Profit before tax $	Equity $
2017		
United States dollar	40,415	–
Indian Rupees	83,469	–
2016		
United States dollar	(12,383)	(121,317)
Japanese dollar	(1,315)	–

A 5% weakening of Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

Equity price risk

The Company is exposed to equity risks arising from equity investments classified as held-for-trading and available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes.

Further details of these equity investments can be found in Notes 6 and 9 to the financial statements.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

In respect of financial assets designated through profit or loss equity investments, if equity prices had been 10% higher/lower, the Company's profit before income tax would increase/decrease by $166,939 (2016: $23,896).

Liquidity risk

Liquidity risk refers to the risk that the Company has difficulties in meeting its short-term obligations. The Company maintains sufficient cash and bank balances to finance its activities and depends on its holding company for financial support when required.

All financial liabilities in the current and prior years are repayable on demand or due within one year from the reporting date and are non-interest bearing.

Fair values of financial assets and financial liabilities

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Investments

The fair values of quoted investments that are classified as available-for-sale, held-for-trading and financial assets designated through profit or loss are calculated using quoted bid prices on the last market day of the financial year.

Others

The carrying amounts of other financial assets and financial liabilities reported on the statement of financial position approximate their respective fair values due to the short-term maturity of these financial instruments.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
2017				
Financial assets measured at fair value				
Financial assets designated through profit or loss	1,669,387	–	–	1,669,387
2016				
Financial assets measured at fair value				
Available-for-sale investments	–	178,831	–	178,831
Financial assets designated through profit or loss	–	832,637	–	832,637
Held-for-trading investments	238,956	–	–	238,956
	238,956	1,011,468	–	1,250,424
Financial assets not measured at fair value				
Other receivables (non-current)	–	–	543,666	543,666

Above table excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is not material.

Accounting classifications and fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Loans and receivables US$	Fair value through profit or loss US$	Available-for-sale US$	Other financial liabilities at amortised cost US$	Total carrying amount US$	Fair value US$
2017						
Financial assets						
Other investments	–	1,669,387	–	–	1,669,387	1,669,387
Trade receivables	399,616	–	–	–	399,616	399,616
Other receivables	60,759	–	–	–	60,759	60,759
Cash and cash equivalents	3,293,155	–	–	–	3,293,155	3,293,155
	3,753,530	1,669,387	–	–	5,422,917	5,422,917
Financial liabilities						
Hire purchase liabilities	–	–	–	1,760	1,760	1,760
Other payables	–	–	–	299,439	299,439	299,439
	–	–	–	301,199	301,199	301,199
2016						
Financial assets						
Other investments	–	832,637	178,831	–	1,011,468	1,011,468
Trade receivables	234,113	–	–	–	234,113	234,113
Other receivables	1,069,356	–	–	–	1,069,356	1,069,356
Held-for-trading investments	–	238,956	–	–	238,956	238,956
Cash and cash equivalents	4,011,072	–	–	–	4,011,072	4,011,072
	5,314,541	1,071,593	178,831	–	6,564,965	6,564,965
Financial liabilities						
Hire purchase liabilities	–	–	–	10,364	10,364	10,364
Other payables	–	–	–	145,106	145,106	145,106
	–	–	–	155,470	155,470	155,470

22 Commitments

Operating lease commitments

	2017	2016
	$	$
Minimum lease payments under operating lease recognised as an expense during the financial year	115,368	118,738

At 31 March 2017 and 31 March 2016, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	$	$
Within 1 year	114,936	59,776
Within 2 to 5 years	169,992	5,628
	284,928	65,404

Operating lease payments represent rental payable by the Company for certain of its office and residential premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

23 Significant related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management personnel compensation

	2017	2016
	$	$
Salaries and other short-term benefits	497,890	503,320

Other related parties transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2017	2016
	$	$
Immediate holding company		
Investment advisory fees paid	659,951	355,333