



**IL&FS GLOBAL FINANCIAL
SERVICES PTE LTD**
(Registration No. 200816203E)

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2017

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of IL&FS Global Financial Services Pte Ltd (the "Company") for the financial year ended March 31, 2017.

In the opinion of the directors, the financial statements as set out on pages 8 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2017, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Mr. Ravi Parthasarathy

Mr. Ramesh C Bawa

Mr. Milind N Patel

Mr. Rajesh Kotian

Mr. Manoj Agarwal

Mr. Arunesh Chopra

(Appointed effective August 4, 2016)

**2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS
BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as mentioned in paragraph 3 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, except as follows:

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

| <u>Name of directors and companies in which interests are held</u> | <u>Shareholdings registered in name of directors</u> | | <u>Shareholdings in which directors are deemed to have an interest</u> | |
|---|--|---------------------------|--|---------------------------|
| | <u>At beginning of year</u> | <u>At end of year</u> | <u>At beginning of year</u> | <u>At end of year</u> |
| Infrastructure Leasing and Financial Services Limited ("IL&FS")^a (Ordinary shares) | | | | |
| Mr. Ravi Parthasarathy | 81,825 | 81,825 | - | - |
| Mr. Ramesh C Bawa | 45,366 | 45,366 | - | - |
| Mr. Milind N Patel | 3,027 | 3,027 | - | - |
| Mr. Rajesh Kotian | 2,800 | 2,800 | - | - |

^a IL&FS is the ultimate holding company of the Company.

IL&FS Investment Managers Limited ("IIML")^b
(Ordinary shares)

| | | | | |
|------------------------|-----------|-----------|---|---|
| Mr. Ravi Parthasarathy | 1,350,000 | 1,350,000 | - | - |
| Mr. Milind N Patel | 112,500 | 1,350,000 | - | - |

**IL&FS Transportation
Networks Limited ("ITNL")^b**
(Ordinary shares)

| | | | | |
|------------------------|---------|---------|---|---|
| Mr. Ravi Parthasarathy | 533,061 | 533,061 | - | - |
| Mr. Ramesh C Bawa | 579,796 | 579,796 | - | - |
| Mr. Milind N Patel | 49,911 | 49,911 | - | - |
| Mr. Rajesh Kotian | 2,500 | 2,500 | - | - |

Noida Toll Bridge Company Limited^b
(Ordinary shares)

| | | | | |
|------------------------|---------|---------|---|---|
| Mr. Ravi Parthasarathy | 35,000 | 35,000 | - | - |
| Mr. Ramesh C Bawa | 130,000 | 130,000 | - | - |

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

| Name of directors and companies in which interests are held | Shareholdings registered in name of directors | | Shareholdings in which directors are deemed to have an interest | |
|--|--|-------------------|---|-------------------|
| | At beginning of year | At end of year | At beginning of year | At end of year |
| <u>IL&FS Technologies Limited</u> ^b (Ordinary shares) | | | | |
| Mr. Ravi Parthasarathy | 20,000 | 20,000 | - | - |

^b These are related companies of IL&FS.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company was granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

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

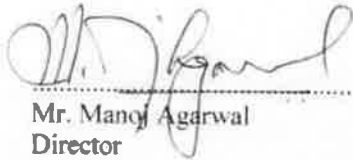
5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



Mr. Milind N Patel
Director



Mr. Manoj Agarwal
Director



Mr. Arunesh Chopra
Director

Singapore
April 24, 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of IL&FS Global Financial Services Pte Ltd (the "Company") which comprise the statement of financial position of the Company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 30.

In our opinion, the accompanying financial statements of the Company 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 March 31, 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of the 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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
IL&FS GLOBAL FINANCIAL SERVICES PTE LTD**

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

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

April 24, 2017

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

STATEMENT OF FINANCIAL POSITION
March 31, 2017

| | <u>Note</u> | <u>2017</u> \$ | <u>2016</u> \$ |
|--------------------------------------|-------------|-------------------|-------------------|
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and bank balances | 6 | 4,082,653 | 4,249,864 |
| Trade receivables | 7 | 995,282 | 1,117,298 |
| Other receivables | 8 | <u>200,236</u> | <u>215,156</u> |
| Total current assets | | <u>5,278,171</u> | <u>5,582,318</u> |
| Non-current asset | | | |
| Property, plant and equipment | 9 | <u>31,863</u> | <u>41,529</u> |
| Total assets | | <u>5,310,034</u> | <u>5,623,847</u> |
| <u>LIABILITIES AND EQUITY</u> | | | |
| Current liabilities | | | |
| Other payables | 10 | 418,364 | 855,595 |
| Income tax payable | | <u>15,858</u> | <u>97,661</u> |
| Total current liabilities | | <u>434,222</u> | <u>953,256</u> |
| Capital and reserves | | | |
| Share capital | 11 | 3,050,001 | 3,050,001 |
| Retained earnings | | <u>1,825,811</u> | <u>1,620,590</u> |
| Total equity | | <u>4,875,812</u> | <u>4,670,591</u> |
| Total liabilities and equity | | <u>5,310,034</u> | <u>5,623,847</u> |

See accompanying notes to financial statements.

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2017

| | <u>Note</u> | <u>2017</u> \$ | <u>2016</u> \$ |
|--|-------------|-------------------|-------------------|
| Revenue | 12 | 3,291,656 | 3,220,770 |
| Other operating income | | 1,386 | 11,275 |
| Employee costs | | (1,060,028) | (861,414) |
| Administrative expenses | 13 | (1,808,002) | (1,219,146) |
| Doubtful debt (credit) expense | | 541 | (186,474) |
| Bad debts written off | | (186,315) | - |
| Finance costs | | <u>(23,051)</u> | <u>(22,385)</u> |
| Profit before income tax | 14 | 216,187 | 942,626 |
| Income tax expense | 15 | <u>(10,966)</u> | <u>(80,661)</u> |
| Profit for the year, representing total comprehensive income for the year | | <u>205,221</u> | <u>861,965</u> |

See accompanying notes to financial statements.

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2017

| | <u>Share capital</u> \$ | <u>Retained earnings</u> \$ | <u>Total</u> \$ |
|---|--------------------------------|------------------------------------|--------------------|
| Balance at March 31, 2015 | 3,050,001 | 758,625 | 3,808,626 |
| Total comprehensive income for the year | <u>-</u> | <u>861,965</u> | <u>861,965</u> |
| Balance at March 31, 2016 | 3,050,001 | 1,620,590 | 4,670,591 |
| Total comprehensive income for the year | <u>-</u> | <u>205,221</u> | <u>205,221</u> |
| Balance at March 31, 2017 | <u>3,050,001</u> | <u>1,825,811</u> | <u>4,875,812</u> |

See accompanying notes to financial statements.

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

STATEMENT OF CASH FLOWS
Year ended March 31, 2017

| | <u>Note</u> | <u>2017</u> | <u>2016</u> |
|--|-------------|------------------|------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Profit before income tax | | 216,187 | 942,626 |
| Adjustments for: | | | |
| Doubtful debt expense | 7 | (541) | 186,474 |
| Finance costs | | 23,051 | 22,385 |
| Bad debts written off (Note) | | 186,315 | - |
| Depreciation | 9 | <u>11,980</u> | <u>12,215</u> |
| Operating cash flows before movements in working capital | | 436,992 | 1,163,700 |
| Trade receivables (Note) | | (278,044) | 538,988 |
| Other receivables | | 14,920 | (23,887) |
| Other payables (Note) | | <u>(222,945)</u> | <u>580,658</u> |
| Cash generated (used in) from operations | | (49,077) | 2,259,459 |
| Interest paid | | (23,051) | (22,385) |
| Income tax (paid) refunded | | <u>(92,769)</u> | <u>17,000</u> |
| Net cash (used in) from operating activities | | <u>(164,897)</u> | <u>2,254,074</u> |
| Cash flows from investing activity | | | |
| Purchase of property and equipment, representing net cash used in investing activity | 9 | <u>(2,314)</u> | <u>(17,850)</u> |
| Net (decrease) increase in cash and cash equivalents | | (167,211) | 2,236,224 |
| Cash and cash equivalents at beginning of year | | <u>4,249,864</u> | <u>2,013,640</u> |
| Cash and cash equivalents at end of the year | 6 | <u>4,082,653</u> | <u>4,249,864</u> |

Note :

Non-cash transaction during the year

The company received a debt waiver amounting to \$214,286 from their related company due to non-collection of debts from a third party and the net amount receivable of \$186,315 was taken to profit or loss.

See accompanying notes to financial statements.

IL&FS GLOBAL FINANCIAL SERVICES PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1 GENERAL

The Company (Registration No. 200816203E) is incorporated in Singapore, with its registered office and principal place of business at 80 Raffles Place, #38-02, UOB Plaza 1, Singapore 048624. The financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The principal activities of the company are those of conducting regulated financial services activities of Dealing in Securities and Advising on Corporate Finance. The Company also arranges pure vanilla loans.

The financial statements of the Company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on April 24, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore (“FRSs”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the Company has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, certain new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

- FRS 109 *Financial Instruments*²
- FRS 115 *Revenue from Contracts with Customers (with clarification issued)*²
- FRS 116 *Leases*³
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*¹
- Amendments to FRS 12 *Income Taxes; Recognition of Deferred Tax Assets for Unrealised Losses*¹

¹ Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

³ Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs, amendments and improvements to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company’s financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Financial assets include cash and bank balances and trade and other receivables.

Cash and bank balances

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable balance is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing from such proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|------------------------|---|-----------------------|
| Leasehold improvements | - | Over the lease period |
| Computer and equipment | - | Four years |
| Software license | - | Five years |

Depreciation on Furniture and fixtures, and Office equipment are provided on the Written down Value Method as below:

| | | |
|------------------------|---|--------|
| Office equipment | - | 13.91% |
| Furniture and fixtures | - | 18.10% |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of an asset is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

Fee income for services rendered to the holding company, related companies and third parties is recognised when the services have been rendered. Fee income associated with the Company's role in arranging finance is recognised when the Company has fulfilled its obligations in relation to the mandate received from its clients.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (or tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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 profits will be available to allow all or part of the asset to be recovered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity) in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of the company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the company are presented in Singapore dollars, which is the functional currency of the Company.

Transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Critical judgements in applying the company's accounting policies

Management is of the opinion that there are no critical judgement made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, except for judgements relating to accounting estimates as discussed below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

ii) *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 that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision for doubtful debts

The policy for provision for doubtful debts of the company is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties were to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

The carrying amount of trade receivables is disclosed in Note 7 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The main areas of financial risk faced by the Company are foreign currency risk, liquidity risk and credit risk.

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

(a) *Categories of financial instruments*

| | <u>2017</u> | <u>2016</u> |
|---|------------------|----------------|
| | \$ | \$ |
| Financial assets | | |
| Loans and receivables (including cash and cash equivalents) | <u>5,227,687</u> | 5,510,089 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | <u>418,364</u> | <u>855,595</u> |

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The company does not have any financial instruments which are subject to offsetting, enforceable master netting agreements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives

(i) Credit risk management

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

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

The credit risk on cash and bank balances is limited because they are held with creditworthy institutions. Trade and other receivables pertain to counterparties that the Company has assessed to be creditworthy, based on the credit evaluation process performed by management, and the Company does not foresee any loss arising on such balances.

Of trade receivables balance at the end of reporting period, \$978,413 (2016 : \$1,037,888) is due from a (2016 : two) major customer. Other than those major customer mentioned, there is no other customer which individually represents more than 10% of the total balance of trade receivables.

Further details of credit risk on trade and other receivables are disclosed in Notes 7 and 8 respectively.

(ii) Interest rate risk management

Interest rate risk refers to the risk associated with assets and liabilities on account of movement in market interest rate.

The Company does not have any significant exposure to interest rate risk at the end of the reporting period.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(iii) Foreign currency risk management

There are no significant monetary assets and liabilities which are not denominated in the Company's functional currency. Accordingly, the Company does not have any significant exposure to foreign currency risk at the end of the reporting period.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss arising from the effects of outstanding foreign currency denominated monetary items as at end of reporting period.

(iv) Liquidity risk management

Liquidity risk is the risk that the Company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost.

During the financial year, the Company's operations are financed mainly through revenue generated out of its operations. All financial assets and liabilities in 2016 and 2017 are repayable on demand or due within 1 year from the end of the reporting period.

(v) Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

The Company had no financial assets or liabilities carried at fair value on a recurring basis in 2016 and 2017.

Management considers that the carrying amounts of cash and bank balances, trade and other receivables and other payables that are stated at amortised cost to approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Capital management policies and objectives

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

The Company is required to maintain a minimum amount of capital as prescribed under the Securities and Futures Act (Chapter 289) and relevant Regulations. The Company is in compliance with the capital requirements for the year ended March 31, 2017 and March 31, 2016.

There were no changes to the Company's overall strategy during the year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a wholly owned subsidiary of IL&FS Financial Services Ltd, incorporated in India. The ultimate holding company is Infrastructure Leasing & Financial Services Limited ("IL&FS"), also incorporated in India.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant transactions between the Company and its holding company and other related companies during the year are as follows:

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Professional fees paid to related company (Note 13) | 1,339,886 | 799,005 |
| Other services paid to related companies | 15,817 | - |
| Advisory services to immediate holding company (Note 12) | 316,640 | - |
| Advisory services to related companies (Note 12) | <u>2,965,016</u> | <u>2,777,344</u> |

During the year, the Company provided advisory services to its immediate holding company and related companies for a mutually agreed fee.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

The remuneration of directors who are also the key management during the year was as follows:

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Short-term benefits | <u>596,294</u> | <u>526,575</u> |
| | | |
| 6 CASH AND BANK BALANCES | | |
| | <u>2017</u> | <u>2016</u> |
| | \$ | \$ |
| Cash and bank balances | <u>4,082,653</u> | <u>4,249,864</u> |
| | | |
| 7 TRADE RECEIVABLES | | |
| | <u>2017</u> | <u>2016</u> |
| | \$ | \$ |
| Amount due from a related companies | 987,908 | 716,698 |
| Amount due from third parties | <u>10,929</u> | <u>587,074</u> |
| | 998,837 | 1,303,772 |
| Less: Provision for doubtful debts - third parties and related company | <u>(3,555)</u> | <u>(186,474)</u> |
| | <u>995,282</u> | <u>1,117,298</u> |

The average credit period on services rendered is 16 days (2016 : 24 days). No interest is charged on overdue debts. The Company does not hold any collateral over these balances.

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at March 31:

| | <u>2017</u> \$ | <u>2016</u> \$ |
|-------------------------------|-------------------|-------------------|
| Not past due and not impaired | 978,413 | - |
| Past due but not impaired (i) | 16,869 | 1,117,298 |
| Past due and impaired | <u>3,555</u> | <u>186,474</u> |
| | <u>998,837</u> | <u>1,303,772</u> |

Trade receivables amounting to \$978,413 (2016 : \$nil) are neither past due nor impaired relate to customers that the company has assessed to be creditworthy, based on the credit evaluation process performed by management.

(i) Aging of receivables that are past due but not impaired:

| | <u>2017</u> \$ | <u>2016</u> \$ |
|---------------|-------------------|-------------------|
| Overdue by: | | |
| 16 to 60 days | 6,204 | 716,698 |
| > 61 days | <u>10,665</u> | <u>400,600</u> |
| | <u>16,869</u> | <u>1,117,298</u> |

Movement in the provision for doubtful debts:

| | <u>2017</u> \$ | <u>2016</u> \$ |
|------------------------------------|-------------------|-------------------|
| Balance at beginning of the year | 186,474 | - |
| Amount recovered during the year | (4,096) | - |
| Amount written off during the year | (182,378) | - |
| Charge to profit or loss | <u>3,555</u> | <u>186,474</u> |
| Balance at end of the year | <u>3,555</u> | <u>186,474</u> |

8 OTHER RECEIVABLES

| | <u>2017</u> \$ | <u>2016</u> \$ |
|------------------|-------------------|-------------------|
| Security deposit | 136,647 | 138,600 |
| Prepaid expenses | 50,484 | 72,229 |
| Sundry debtors | <u>13,105</u> | <u>4,327</u> |
| | <u>200,236</u> | <u>215,156</u> |

9 PROPERTY, PLANT AND EQUIPMENT

| | <u>Office equipment</u> \$ | <u>Furniture and fixtures</u> \$ | <u>Computer and equipment</u> \$ | <u>Leasehold improvements</u> \$ | <u>Software license</u> \$ | <u>Total</u> \$ |
|------------------------------|-----------------------------------|---|---|---|-----------------------------------|--------------------|
| Cost: | | | | | | |
| At March 31, 2015 | 7,194 | 21,660 | 21,245 | 152,170 | 14,821 | 217,090 |
| Additions | <u>1,026</u> | - | <u>6,850</u> | - | <u>9,974</u> | <u>17,850</u> |
| At March 31, 2016 | 8,220 | 21,660 | 28,095 | 152,170 | 24,795 | 234,940 |
| Additions | <u>-</u> | <u>830</u> | <u>1,484</u> | - | - | <u>2,314</u> |
| At March 31, 2017 | <u>8,220</u> | <u>22,490</u> | <u>29,579</u> | <u>152,170</u> | <u>24,795</u> | <u>237,254</u> |
| Accumulated depreciation: | | | | | | |
| At March 31, 2015 | 2,803 | 8,602 | 13,370 | 152,169 | 4,252 | 181,196 |
| Depreciation for the year | <u>1,636</u> | <u>1,944</u> | <u>3,676</u> | - | <u>4,959</u> | <u>12,215</u> |
| At March 31, 2016 | 4,439 | 10,546 | 17,046 | 152,169 | 9,211 | 193,411 |
| Depreciation for the year | <u>526</u> | <u>1,750</u> | <u>4,745</u> | - | <u>4,959</u> | <u>11,980</u> |
| At March 31, 2017 | <u>4,965</u> | <u>12,296</u> | <u>21,791</u> | <u>152,169</u> | <u>14,170</u> | <u>205,391</u> |
| Carrying value: | | | | | | |
| At March 31, 2017 | <u>3,255</u> | <u>10,194</u> | <u>7,788</u> | <u>1</u> | <u>10,625</u> | <u>31,863</u> |
| At March 31, 2016 | <u>3,781</u> | <u>11,114</u> | <u>11,049</u> | <u>1</u> | <u>15,584</u> | <u>41,529</u> |

10 OTHER PAYABLES

| | <u>2017</u> \$ | <u>2016</u> \$ |
|---------------------------|-------------------|-------------------|
| Immediate holding company | 17,497 | 6,581 |
| Related company | 350,622 | 791,325 |
| Other payables | <u>50,245</u> | <u>57,689</u> |
| | <u>418,364</u> | <u>855,595</u> |

11 SHARE CAPITAL

| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
|--------------------------------------|---------------------------|------------------|------------------|------------------|
| | Number of ordinary shares | | \$ | \$ |
| Issued and paid up: | | | | |
| At the beginning and end of the year | <u>3,050,001</u> | <u>3,050,001</u> | <u>3,050,001</u> | <u>3,050,001</u> |

The Company has one class of ordinary shares, which have no par value and carry no right to dividends. The liability of the parent entity in the Company is limited to the extent of its share capital held by it.

12 REVENUE

| | <u>2017</u> | <u>2016</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Advisory services to immediate holding company and related companies (Note 5) | 3,281,656 | 2,777,344 |
| Advisory services to third parties | <u>10,000</u> | <u>443,426</u> |
| | <u>3,291,656</u> | <u>3,220,770</u> |

13 ADMINISTRATIVE EXPENSES

| | <u>2017</u> | <u>2016</u> |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| Office rental expenses | 146,529 | 148,482 |
| Professional fees (Note 5) | 1,399,142 | 853,675 |
| Sundry expenses | 221,741 | 180,784 |
| Depreciation | 11,980 | 12,215 |
| Telecommunication expenses | <u>28,610</u> | <u>23,990</u> |
| | <u>1,808,002</u> | <u>1,219,146</u> |

14 PROFIT BEFORE INCOME TAX

Profit before income tax includes the following charges:

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|-----------------|
| | \$ | \$ |
| Cost of defined contribution plans included in employee benefits expense | (21,196) | (16,875) |
| Bank charges | <u>(23,051)</u> | <u>(22,385)</u> |

15 INCOME TAX EXPENSE

| | <u>2017</u> | <u>2016</u> |
|---|----------------|-----------------|
| | \$ | \$ |
| Current income tax expense | 15,858 | 97,661 |
| Overprovision of income tax in prior year | <u>(4,892)</u> | <u>(17,000)</u> |
| | <u>10,966</u> | <u>80,661</u> |

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year.

Numerical reconciliation of income tax expense:

| | <u>2017</u> | <u>2016</u> |
|--|----------------|-----------------|
| | \$ | \$ |
| Profit before income tax | <u>216,187</u> | <u>942,626</u> |
| Income tax expense at 17% (2016 : 17%) | 36,752 | 160,246 |
| Effects of: | | |
| - Non-deductible expenses | 5,316 | 4,569 |
| - Exempt income and tax rebate | (26,210) | (68,063) |
| - Utilisation of prior years' tax losses carryforward (previously not recognised) | - | (14,119) |
| Others | - | 15,028 |
| Overprovision of income tax in prior year | <u>(4,892)</u> | <u>(17,000)</u> |
| Income tax expense | <u>10,966</u> | <u>80,661</u> |

16 OPERATING LEASE COMMITMENTS

| | <u>2017</u> | <u>2016</u> |
|--|----------------|----------------|
| | \$ | \$ |
| Minimum lease payment under operating leases included in the profit and loss account | <u>146,529</u> | <u>148,482</u> |

At the end of the reporting period, the Company has the following outstanding lease commitments with respect to the rental of office premise:

| | <u>2017</u> | <u>2016</u> |
|-------------------|----------------|----------------|
| | \$ | \$ |
| Within one year | <u>140,670</u> | 111,361 |
| One to five years | <u>246,172</u> | - |
| | <u>386,842</u> | <u>111,361</u> |

Operating lease payments represent rentals payable by the Company for its office property. The Company will seek to renegotiate its lease terms only upon expiration of its present lease at its principal place of business.

17 GUARANTEE

The Company has a banker's guarantee amounting to \$2,000,000 (2016 : \$2,000,000) issued by Bank of Baroda in favour of the MAS as a requirement of its CMS licence.