# CYIENT SINGAPORE PRIVATE LIMITED

*(Company Registration No. 201512291G)*

Financial Statements For The Period Ended March 31, 2016

# Cyient Singapore Private Limited
*(Incorporated in the Republic of Singapore)*

### Directors
Ganesh Venkat Krishna Bodanapu (Appointed w.e.f date of incorporation)
Raja Muhammad Shah Bin Abdullah (Appointed w.e.f date of incorporation)

### Secretary
Raja Muhammad Shah Bin Abdullah (Appointed w.e.f date of incorporation)

### Registered Office
1 North Bridge Road
#19-04/05 High Street Centre
Singapore 179094

### Auditors
Natarajan & Swaminathan
Chartered Accountants of Singapore
1 North Bridge Road
#19-04/05 High Street Centre
Singapore 179094

## Index

The directors present this statement to the members together with the audited financial statements of the Company for the financial period ended March 31, 2016.

## 1 Directors

The directors in office at the date of this statement are:-
Ganesh Venkat Krishna Bodanapu
Raja Muhammad Shah Bin Abdullah

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

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

## 3 Directors' interest in shares and debentures

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

| Name of directors | At beginning of period | At end of period |
|---|---|---|
| *Number of ordinary shares* | | |
| Ganesh Venkat Krishna Bodanapu<br>- Deemed interest | 3,599,978 | 3,599,978 |

## 4 Share options

During the financial period, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

## 5 Auditors

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

## 6 Directors' opinion

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards; and

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

On behalf of the board of directors

*Ganesh Venkat Krishna Bodanapu*

*Raja Muhammad Shah Bin Abdullah*

Date: April 18, 2016

**NATARAJAN & SWAMINATHAN**
**CHARTERED ACCOUNTANTS OF SINGAPORE**

1 NORTH BRIDGE ROAD, #19-04/05,
HIGH STREET CENTRE,
SINGAPORE 179094
TEL : 63372472/3/5, 63373432
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CYIENT SINGAPORE PRIVATE LIMITED
*(Incorporated in the Republic of Singapore)*

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Report on the Financial Statements

We have audited the accompanying financial statements of CYIENT SINGAPORE PRIVATE LIMITED, which comprise the statement of financial position as at March 31, 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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 Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CYIENT SINGAPORE PRIVATE LIMITED
*(Incorporated in the Republic of Singapore)*

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

*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at March 31, 2016 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date.

Report on Other Legal and Regulatory Requirements

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

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: April 18, 2016

| | Note | S$ |
|---|---|---|
| Assets | | |
| | | |
| Non-current assets | | |
| Plant and equipment | 4 | 468,619 |
| Intangible assets | 5 | 9,768,342 |
| Deferred tax assets | 6 | 179,000 |
| Total non-current assets | | 10,415,961 |
| | | |
| Current assets | | |
| Trade receivables | 7 | 3,493,192 |
| Other receivables | 8 | 1,695,720 |
| Cash at banks | 9 | 1,145,837 |
| Total current assets | | 6,334,749 |
| | | |
| Total assets | | 16,750,710 |
| | | |
| Equity and liabilities | | |
| | | |
| Equity | | |
| Share capital | 10 | 5,085,360 |
| Accumulated profits | | 24,976 |
| Total equity | | 5,110,336 |
| | | |
| Non-current liabilities | | |
| Long term loans | 11 | 4,443,450 |
| Total non-current liabilities | | 4,443,450 |
| | | |
| Current liabilities | | |
| Other payables and accruals | 12 | 4,186,764 |
| Bank loans | 13 | 2,962,300 |
| Derivative financial instruments | 14 | 47,860 |
| Total current liabilities | | 7,196,924 |
| | | |
| Total liabilities | | 11,640,374 |
| | | |
| Total equity and liabilities | | 16,750,710 |

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

| | Note | S$ |
|---|---|---|
| Revenue | 15 | 8,410,859 |
| Other income | 16 | 307,505 |
| Salaries and employee benefits | 17 | (5,187,869) |
| Depreciation of plant and equipment | 4 | (87,866) |
| Amortisation of intangible assets | 5 | (1,566,698) |
| Other operating expenses | | (1,885,401) |
| Finance costs | 18 | (144,554) |
| Loss before income tax | 19 | (154,024) |
| Income tax expense | 20 | 179,000 |
| Profit after income tax | | 24,976 |
| Other comprehensive income | | - |
| Total comprehensive income for the period | | 24,976 |

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

| | Note | Share capital | Accumulated profits | Total |
|---|---|---|---|---|
| | | S$ | S$ | S$ |
| Balance as at 07.05.2015<br>*(Date of incorporation)* | | 1 | - | 1 |
| Issue of shares | 10 | 5,085,359 | - | 5,085,359 |
| Total comprehensive income for the period | | - | 24,976 | 24,976 |
| Balance as at 31.03.2016 | | 5,085,360 | 24,976 | 5,110,336 |

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

| | S$ |
|---|---|
| **Cash flows from operating activities** | |
| Loss before income tax | (154,024) |
| Adjustments for:- | |
| Depreciation of plant and equipment | 87,866 |
| Amortisation of intangible assets | 1,566,698 |
| Interest expense | 144,554 |
| Operating profit before working capital changes | 1,645,094 |
| Trade receivables | (3,493,192) |
| Other receivables | (1,695,720) |
| Other payables and accruals | 3,788,459 |
| Net cash from operating activities | 244,641 |
| | |
| **Cash flows from investing activities** | |
| Purchase of plant and equipment | (556,485) |
| Purchase of Intangible assets | (11,335,040) |
| Net cash used in investing activities | (11,891,525) |
| | |
| **Cash flows from financing activities** | |
| Interest paid | (96,694) |
| Proceeds from issuance of shares | 5,085,360 |
| Other payables - holding company | 398,305 |
| Proceeds from bank loans | 11,320,980 |
| Repayment of bank loans | (3,915,230) |
| Net cash from financing activities | 12,792,721 |
| | |
| **Net increase in cash and cash equivalents** | 1,145,837 |
| | |
| **Cash and cash equivalents carried forward** | **1,145,837** |
| | |
| Cash and cash equivalents comprise:- | |
| | |
| Cash at banks | 1,145,837 |
| | **1,145,837** |

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

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

## 1 Corporate information

The Company (Registration No: 201512291G) is a private limited Company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 North Bridge Road, #19.04/05 High Street Centre, Singapore 179094.

The principal activities of the Company are to provide pure engineering services.

There have been no significant changes in the nature of these activities since date of incorporation.

*Holding company*

The Company is a wholly-owned subsidiary of **"Cyient Limited"**, a limited company incorporated in the Republic of India, which is also the ultimate holding company.

## 2 Going concern

As at statement of financial position date, the Company's current liabilities exceeded its current assets by S$862,175. The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will continue to be available. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further costs, which might arise. The directors are satisfied that financial support from the holding company will be available when required.

## 3 Significant accounting policies

### a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Chapter 50. The financial statements are expressed in Singapore Dollar (S$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The Company adopted the new or revised FRS that is mandatory for application on that date.

## 3 Significant accounting policies *(cont'd)*

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

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

*Key sources of estimation uncertainty*

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

Depreciation

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

Amortisation

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

Allowance for trade and other receivables

The provision policy for doubtful debts of the Company is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, allowances would be made.

c) **Foreign currency transactions**

*(i) Functional currency*

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

## 3 Significant accounting policies *(cont'd)*

c) **Foreign currency transactions** *(cont'd)*

*(ii) Transactions and balances*

Transactions in currencies other than in Singapore Dollar are recorded at the rates of exchange prevailing on the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the profit or loss for the period.

d) **Plant and equipment**

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

e) **Depreciation of plant and equipment**

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

| | | |
|---|---|---|
| Furniture & fittings | - | 10 % |
| Office equipment | - | 10% |
| Computers & software | - | 33.33% |
| Plant & machinery | - | 10% |

f) **Intangible assets**

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

g) **Amortisation of intangible assets**

Amortisation is calculated on a straight-line method to write off the cost of the intangible assets over its estimated useful life at the following annual rates:

Engineering service agreement - 4 years

## 3 Significant accounting policies *(cont'd)*

### h) Impairment of non-financial assets

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### i) Financial instruments

Financial instruments comprise financial assets and liabilities and they 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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified as one of the financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

## 3 Significant accounting policies *(cont'd)*

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

Recognition

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at the time of initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial period end.

All regular way purchases and sales of financial assets are recognised or derecognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

As of period end the Company has the following classes of financial assets:-

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as "trade and other receivables" and "cash and cash at bank" on the statement of financial position. They are presented as current assets, except for those maturities later than 12 months, after the financial position date which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For short term receivables the nominal cost would approximate the fair value.

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are 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 assets have been impacted.

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 trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable 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.

## 3 Significant accounting policies *(cont'd)*

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

Impairment *(cont'd)*

With the exception of available-for-sale equity instruments, if any, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition

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 assets, 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 for the proceeds received.

Financial liabilities

Financial liabilities include trade payables on normal trade terms, other payables and interest-bearing loans and borrowings.

Trade and 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. For short term payables the cost approximates the fair value.

Interest-bearing bank loans and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for finance costs.

Financial liabilities are derecognized when the obligation under the liabilities are discharged, cancelled or expire.

Derivative financial instruments

Fair values of derivative financial instruments are based on valuation by bankers.

### j) Related company

Related company refers to members of the holding company's group of companies.

## 3 Significant accounting policies *(cont'd)*

k) **Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks.

l) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

m) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of value added tax, rebates, discounts and sales returns.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:-

*Service income*

Service income is recognised upon the completion of the service rendered.

n) **Employee benefits**

*Retirement benefit costs*

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

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

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

*Key management personnel*

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

o) **Finance cost**

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

p) **Operating lease**

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

## 3 Significant accounting policies *(cont'd)*

### q) Goods and services tax

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

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

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

### r) Income tax

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

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

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

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

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

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

## 4 Plant and equipment

| | Furniture & fittings | Office equipment | Computers & software | Plant & machinery | Total |
|---|---|---|---|---|---|
| | S$ | S$ | S$ | S$ | S$ |
| **Cost** | | | | | |
| At May 7, 2015 | - | - | - | - | - |
| Additions | 1,763 | 2,747 | 481,795 | 70,180 | 556,485 |
| At March 31, 2016 | 1,763 | 2,747 | 481,795 | 70,180 | 556,485 |
| **Depreciation** | | | | | |
| At May 7, 2015 | - | - | - | - | - |
| Charge for the period | 44 | 248 | 83,803 | 3,771 | 87,866 |
| At March 31, 2016 | 44 | 248 | 83,803 | 3,771 | 87,866 |
| **Net book value** | | | | | |
| **At March 31, 2016** | **1,719** | **2,499** | **397,992** | **66,409** | **468,619** |

## 5 Intangible assets

| | S$ |
|---|---|
| At cost | |
| At beginning of period | - |
| Addition during the period | 11,335,040 |
| At end of period | 11,335,040 |
| Less: Amortisation | |
| At beginning of period | - |
| Charge for the period | 1,566,698 |
| At end of period | 1,566,698 |
| Net book value | **9,768,342** |

The Company has acquired maintenance, repair and overhaul services agreement from an outside party for which it has paid the above amount. The seller has transferred his employees and post-closing the seller has a non-solicitation agreement for 4 years.

## 6 Deferred tax asset

The movement in the deferred tax asset is as follows:

| | Unutilised capital allowances |
|---|---|
| | S$ |
| At beginning of period | - |
| Charge for the period debited to profit or loss | 179,000 |
| At end of period | 179,000 |

## 7 Trade receivables

| | S$ |
|---|---|
| Outside parties | 3,415,088 |
| Holding company | 6,450 |
| GST receivable | 71,654 |
| | 3,493,192 |

The average credit period is 30 days. No interest is charged on the trade receivables due from outside parties.

The table below is an analysis of trade receivables aging as at March 3, 2016;

| | S$ |
|---|---|
| Not past due | 2,401,194 |
| Past due less than 30 days | 1,089,637 |
| Past due 31 to 60 days | 2,361 |
| | 3,493,192 |

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

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

| | S$ |
|---|---|
| United States Dollar | 3,415,088 |

## 8 Other receivables

| | S$ |
|---|---|
| Sundry receivables | 1,418,388 |
| Deposits | 261,719 |
| Prepayment | 15,613 |
| | 1,695,720 |

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

| | S$ |
|---|---|
| United States Dollar | 1,680,107 |

## 9 Cash at banks

Cash at banks is pledged to the bank towards bank loans (refer **Note 13** to the financial statements).

The cash at banks that are not denominated in Singapore Dollar are as follows:-

| | S$ |
|---|---|
| United States Dollar | 1,078,916 |

## 10 Share capital

| | No. of shares issued | S$ |
|---|---|---|
| **Ordinary shares issued and fully paid** | | |
| Balance at beginning of period | 1 | 1 |
| Shares issued | 3,599,977 | 5,085,359 |
| **Balance at end of period** | **3,599,978** | **5,085,360** |

One ordinary share were issued to the Subscriber to the Memorandum of Association.

During the financial period, the Company issued 3,599,977 ordinary shares for a total cash consideration of S$5,085,359.

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

## 11 Long term loans

| | S$ |
|---|---|
| *Unsecured* | |
| Loans | 4,847,400 |
| Less: Current portion | (403,950) |
| **Non-current portion** | **4,443,450** |

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

| | |
|---|---|
| Between 2 to 5 years | 4,443,450 |

The securities offered for the long term loans are as disclosed in **Note 13** to the financial statements.

The long term loans are denominated in United States Dollar.

## 12 Other payables and accruals

| | S$ |
|---|---|
| Sundry payables | 1,943,876 |
| Holding company | 398,305 |
| Provision for earn out payables | 996,240 |
| Accrued expenses | 848,343 |
| | 4,186,764 |

## 12 Other payables and accruals *(cont'd)*

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

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

| | S$ |
|---|---|
| United States Dollar | 2,859,062 |

## 13 Bank loans

| | S$ |
|---|---|
| Short term loans | 2,558,350 |
| Current portion of long term loans | 403,950 |
| | 2,962,300 |

The borrowing rate ranges between 1.5% to 1.9%.

The bank loans and the long term loans mentioned in **Note 11** to the financial statements are secured on the following:-

a) Corporate guarantee from holding company.

b) Charge over the bank balances (refer **Note 9** to the financial statements).

The long term loans are denominated in United States Dollar.

## 14 Derivative financial instruments

The fair value of the interest rate swap comprised of current and non-current portion as the swap hedges interest rate for the period commencing from November 30, 2015 to August 30, 2019; as the current portion of the interest rate swap was not readily available, the management is of view, due to its insignificant value, reflected as current liabilities.

The derivative are entered as interest rate swap for a notional principal of S$4,856,040 (US$3,600,000) with its bankers.

The swap details are as follows:

- Company to pay 1.35% per annum on notional principal at quarterly rest.
- Company to receive at 3months US$ LIBOR on notional principal at quarterly rest.
- It is unsecured.
- The management has not designated the swap contract as effective hedge as at period end.
- All cost relating to swap is reflected under finance cost.
- The valuation at period end is at Mark to Market value provided by the bankers.

Derivatives are denominated in United States Dollar.

## 15 Revenue

| | S$ |
|---|---|
| Service income | 8,410,859 |

## 16 Other income

| | S$ |
|---|---|
| Foreign exchange gain | 307,505 |

## 17 Salaries and employee benefits

Salaries and employee benefits for the period ended March 31, 2016;

| | S$ |
|---|---|
| Salaries and bonus | 4,389,578 |
| CPF contributions (defined) | 675,789 |
| Staff welfare | 122,501 |
| | 5,187,868 |

The key management personnel comprises directors who do not receive any short-term employee benefits during the financial period.

## 18 Finance costs

| | S$ |
|---|---|
| Interest rate swap charges and interest | 77,079 |
| Interest on bank loans | 67,475 |
| | 144,554 |

## 19 Loss before income tax

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

| | S$ |
|---|---|
| Operating lease - rental | 637,430 |
| Foreign exchange gain | (307,505) |

## 20 Income tax expense

| | S$ |
|---|---|
| Deferred tax: | |
| - Provision for current period | 179,000 |

## 20 Income tax expense *(cont'd)*

No provision for income tax has been made in view of the Company's loss position

As at statement of financial position, the Company had unutilised capital allowances of approximately S$1,055,000 available for set off against future taxable profits, subject to compliance with Section 37 of the Income Tax Act, Cap.134 and agreement by the Comptroller of Income Tax.

## 21 Holding company transactions

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

During the period, the Company entered into the following transactions with the holding company:

| | S$ |
|---|---|
| Bank charges | 66,655 |
| General expenses | 21,710 |

## 22 Operating lease commitments

As at the statement of financial position date, the rental lease commitments in respect of operating leases were as follows:

| | S$ |
|---|---|
| *Rental expense:* | |
| Within 1 year | 1,222,191 |
| Within 2 to 5 years | 509,246 |
| | 1,731,437 |

## 23 Financial instruments, financial and capital risk management

### (a) Categories of financial instruments

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

| | S$ |
|---|---|
| **Financial assets** | |
| Loans and receivables | 6,319,136 |

Loans and receivables under financial assets comprise trade receivables, other receivables (excluding prepayments) and cash at banks.

| | S$ |
|---|---|
| **Financial liabilities** | |
| Amortised cost | 11,640,374 |

Amortised cost under financial liabilities comprises long term loans, other payables and accruals, bank loans and derivative financial instruments.

## 23 Financial instruments, financial and capital risk management *(cont'd)*

(b) **Fair value measurements**

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

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The financial assets and liabilities of the Company comprise trade receivables, other receivables, cash at banks, long term loans, other payables and accruals, bank loans and derivative financial instruments,. The carrying values of the financial assets and liabilities as shown in the statement of financial position approximate their fair value amounts at the statement of financial position date. The carrying values of these assets and liabilities are the nominal or cost values except derivative financial instruments which are carried at fair value determined by the bankers.

The fair value of the interest rate swaps based on mark to market valuation by bankers which will fall under Level 2 hierarchy above.

(c) **Financial risk**

The management reviews and agrees policies for managing risk with a view to minimize potential adverse effects of financial performance of the Company. Each of these risks are summarised below:

*Interest rate risk*

The Company's exposure to market risk for changes in interest rate relates to the Company's long term debt obligations. It is the Company's policy to obtain the most favourable interest rates available whenever the Company obtains additional financing through bank borrowings.

*Interest rate sensitivity*

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at statement of financial position date and the stipulated change taking place at the beginning of the financial period and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's loss before tax for the period ended March 31, 2016 would decrease or increase by S$37,000.

## 23 Financial instruments, financial and capital risk management *(cont'd)*

### (c) Financial risk *(cont'd)*

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's current liabilities exceed its current assets. However, the Company does not anticipate any problems in obtaining additional funding from the holding company if the need arises. As at the date of this report, the holding company has undertaken to provide adequate financial support to enable the Company to meet its liabilities as and when they fall due.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

| | | Cash flows | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flow | Less than 1 year | Within 2 to 5 years |
| | S$ | S$ | S$ | S$ |
| **Non-derivative financial liabilities** | | | | |
| Other payables and accruals | 4,186,764 | (4,186,764) | (4,186,764) | - |
| Interest-bearing borrowings | 7,405,750 | (7,764,040) | (3,216,434) | (4,547,606) |
| | **11,592,514** | **(11,950,804)** | **(7,403,198)** | **(4,547,606)** |

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

As at statement of financial position date the Company has a significant concentration of credit risk in relation to certain external customers. As at end of financial period, the trade receivable balance comprise of one customers' balance that comprise 100% of the trade receivable balance. However, the management does not foresee any risk of default by the parties. Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

Cash at banks are placed with credit worthy financial institutions.

The carrying amount of the Company's trade receivables, other receivables and cash at banks represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

*Foreign currency risk*

Since majority of the Company's trading transactions are denominated in matching foreign currencies, there is a certain amount of natural hedge.

## 23 Financial instruments, financial and capital risk management *(cont'd)*

### (c) Financial risk *(cont'd)*

*Foreign currency risk (cont'd)*

As at financial period end, the carrying amount of monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

*Foreign currency sensitivity analysis*

Any increase or decrease in the following foreign currencies will have an impact on the financial statements. An increase of 10% in the currencies rate against Singapore Dollar will have the following impact on the loss before tax of the Company:

| | S$ |
|---|---|
| *Increase in the rate of the foreign currencies by 10% against Singapore Dollar will increase/(decrease) loss before tax by the following amount:* | |
| United States Dollar | 400,000 |

*Price risk*

The Company has no significant exposure to price risk.

### (d) Capital risk management

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

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

## 24 New accounting standards and FRS interpretations

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

| | | | Effective from annual periods beginning on or after |
|---|---|---|---|
| FRS 1 | (Amendments) | : Disclosure Initiative | January 1, 2016 |
| FRS 7 | (Amendments) | : Disclosure Initiative | January 1, 2017 |
| FRS 12 | (Amendments) | : Recognition of Deferred Tax Assets for Unrealised Losses | January 1, 2017 |
| FRS 16/ FRS 38 | (Amendments) | : Clarification of Acceptable Methods of Depreciation and Amortisation | January 1, 2016 |
| FRS 109 | | : Financial Instruments | January 1, 2018 |
| FRS 115 | (Amendments) | : Revenue from Contracts with Customers | January 1, 2018 |

## 24 New accounting standards and FRS interpretations *(cont'd)*

| | | | Effective from annual periods beginning on or after |
|---|---|---|---|
| *Improvements to FRSs* | | | |
| FRS 19 | (Amendments) | : Employee Benefits | January 1, 2016 |
| FRS 107 | (Amendments) | : Financial Instruments: Disclosures | January 1, 2016 |

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

## 25 Comparative figures

The financial statements are made for the period from May 7, 2015 (being the date of incorporation) to March 31, 2016. This is the Company's first set of financial statements and hence there are no comparative figures.

## 26 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on April 18, 2016.

*Cyient Singapore Private Limited*

*The Accompanying Supplementary Detailed Income*

*Statement Has Been Prepared For Management Purposes Only*

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

# Cyient Singapore Private Limited

## Detailed Income Statement

*For the financial period ended March 31, 2016*

| | S$ |
|---|---|
| **Revenue** | |
| Service income | 8,410,859 |
| **Other income** | |
| Foreign exchange gain | 307,505 |
| **Salaries and employee benefits** | |
| Salaries and bonus | (4,389,578) |
| CPF contributions (defined) | (675,789) |
| Staff welfare | (122,501) |
| | (5,187,868) |
| **Depreciation of plant and equipment** | (87,866) |
| **Amortisation of intangible assets** | (1,566,698) |
| **Other operating expenses** | |
| Advertising and promotion | (645) |
| Audit fees | (12,200) |
| Bank charges | (97,497) |
| General expenses | (56) |
| Insurance | (879) |
| Professional fees | (868,198) |
| Operating lease - rental | (637,430) |
| Postage and delivery | (240) |
| Printing and stationery | (10,360) |
| Recruitment expenses | (39,175) |
| Repairs and maintenance | (2,091) |
| Software written off | (6,333) |
| Tax fees | (2,000) |
| Telecommunications | (697) |
| Training and development | (180,875) |
| Travelling and transport | (26,725) |
| | (1,885,401) |
| **Finance costs** | |
| Interest rate swap charges and interest | (77,079) |
| Interest on bank loans | (67,475) |
| | (144,554) |
| **Loss before income tax** | (154,024) |
| **Income tax expense** | |
| - Deferred tax | |
| - Provision for current period | 179,000 |
| **Profit after income tax** | 24,976 |
| Other comprehensive income | - |
| **Total comprehensive income for the period** | 24,976 |

*Not Part Of Audited Financial Statements*