

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

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. 199401311C) is a private limited Company incorporated and domiciled in Singapore.

The registered office and administration office of the Company is located at 300 Tampines Avenue 5, #04-06 NTUC Income Tampines Junction, Singapore 529653.

The principal activities of the Company are those relating to developing, producing and dealing in software systems and providing support and technical advisory and consultancy services.

There have been no significant changes in the nature of these activities during the financial year.

Holding company

The Company is a wholly-owned subsidiary of **"Nucleus Software Exports Limited"**, a listed company incorporated in India, which is also the ultimate holding company.

Representative office

The Company has representative offices at Indonesia and Philippines. The expenses incurred by representative offices have been incorporated in the financial statements.

2 Significant accounting policies

a) **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("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 year. 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 2(b)** to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 1 (Amendments) : Disclosure Initiative

FRS 16/
FRS 38 (Amendments) : Clarification of Acceptable Methods of Depreciation and Amortisation

2 Significant accounting policies (Cont'd)

a) Basis of preparation (Cont'd)

Improvements to FRSs

FRS 19 (Amendments) : Employee Benefits

FRS 107 (Amendments) : Financial Instruments: Disclosures

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

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 year, 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 and 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.

2 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 year.

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

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over its estimated useful life at the following annual rates:

Furniture & fittings	- 20%
Office equipment	- 20%
Electrical equipment	- 20%
Computer & software packages	- 33%
Office renovation	- 20%

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

f) 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.

2 Significant accounting policies (Cont'd)

f) Impairment of non-financial assets (Cont'd)

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 periods. 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.

g) 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.

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 year 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.

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

Recognition (Cont'd)

As of year 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.

With the exception of available-for-sale equity instruments, if any, if in a subsequent year, 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.

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

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.

h) 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 an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of unpledged fixed deposit with a maturity of below 3 months, cash at banks and cash in hand.

j) Related parties

The related parties are defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:

2 Significant accounting policies (Cont'd)

j) Related parties (Cont'd)

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others, shown as related company);
- (ii) One entity is an associate or joint venture of the other entity (for an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

k) 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:-

- (i) revenue from software development services and product comprises income from time and material and fixed price contracts. Revenue from time and material contracts are recognised as the services are rendered. Revenue from fixed price contract are related customization and implementation is recognised in accordance with the percentage of completion method calculated based on output method;
- (ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (iii) grant is recognised upon receipt.

2 Significant accounting policies (Cont'd)

l) 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 year 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.

m) 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.

n) Goods and services tax ("GST")

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

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

o) 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 year. 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 periods 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.

2 Significant accounting policies (Cont'd)

o) Income tax (Cont'd)

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 year 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.

3 Plant and equipment

<u>2017</u>	<u>Furniture & fittings</u>	<u>Office equipment</u>	<u>Electrical equipment</u>	<u>Computer & software packages</u>	<u>Office renovation</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At April 1, 2016	169,418	180,644	12,388	732,742	287,906	1,383,098
Disposals	-	-	-	(16,053)	-	(16,053)
At March 31, 2017	<u>169,418</u>	<u>180,644</u>	<u>12,388</u>	<u>716,689</u>	<u>287,906</u>	<u>1,367,045</u>
Depreciation						
At April 1, 2016	169,418	178,020	12,388	648,609	287,906	1,296,341
Charge for the year	-	2,063	-	45,271	-	47,334
Disposals	-	-	-	(16,053)	-	(16,053)
At March 31, 2017	<u>169,418</u>	<u>180,083</u>	<u>12,388</u>	<u>677,827</u>	<u>287,906</u>	<u>1,327,622</u>
Net book value						
At March 31, 2017	<u>-</u>	<u>561</u>	<u>-</u>	<u>38,862</u>	<u>-</u>	<u>39,423</u>

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Notes to the Financial Statements

For the financial year ended March 31, 2017

3 Plant and equipment (Cont'd)

2016	Furniture & fittings	Office equipment	Electrical equipment	Computer & software packages	Office renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At April 1, 2015	169,418	180,644	12,388	781,729	287,906	1,432,085
Additions	-	-	-	53,945	-	53,945
Disposals	-	-	-	(102,932)	-	(102,932)
At March 31, 2016	169,418	180,644	12,388	732,742	287,906	1,383,098
Depreciation						
At April 1, 2015	169,418	173,078	12,388	687,897	287,906	1,330,687
Charge for the year	-	4,942	-	63,644	-	68,586
Disposals	-	-	-	(102,932)	-	(102,932)
At March 31, 2016	169,418	178,020	12,388	648,609	287,906	1,296,341
Net book value						
At March 31, 2016	-	2,624	-	84,133	-	86,757

4 Deferred tax assets/(liabilities)

The movement in the deferred tax assets/(liabilities) are as follows:

	Unutilised leave allowance	Difference in depreciation	Total
	S\$	S\$	S\$
At April 1, 2015	34,891	(17,238)	17,653
Credit to profit or loss	2,492	2,489	4,981
At March 31, 2016	37,383	(14,749)	22,634
(Charge)/Credit to profit or loss	(37,383)	8,047	(29,336)
At March 31, 2017	-	(6,702)	(6,702)

5 Trade receivables

	2017	2016
	S\$	S\$
Outside parties	1,900,131	1,386,799
Less: Allowance for doubtful debts		
- At beginning of year	21,920	21,920
- Exchange differences	2,055	-
- At end of year	23,975	21,920
	1,876,156	1,364,879
Holding company	-	502,461
Related company	-	443,946
	1,876,156	2,311,286

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5 Trade receivables (Cont'd)

The average credit period is 30 days (2016:60 days to 90 days). No interest is charged on the trade receivables.

The table below is an analysis of trade receivable aging:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Not past due	1,488,540	1,527,141
Past due less than 60 days	387,616	353,964
Past due 61 days to 90 days	-	297,541
Past due more than 90 days	-	132,640
	<u>1,876,156</u>	<u>2,311,286</u>

The Company has made allowance for receivables they deem as doubtful of recovery. They have not made allowance on the other trade receivables as the directors are of the view that all the other trade receivables are recoverable.

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Euro	124,028	88,925
Japanese Yen	-	442,123
United States Dollar	429,890	433,192
	<u>429,890</u>	<u>433,192</u>

6 Other receivables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Sundry receivables	7,070	14
Deposits	80,618	80,848
Withholding tax receivable	477	-
Prepayments	164,076	121,576
	<u>252,241</u>	<u>202,438</u>
Advance to staff	10,678	14,121
Less: Allowance for doubtful debts		
- At beginning of year	1,621	1,621
- Amount written off	(1,621)	-
- At end of year	-	1,621
	<u>10,678</u>	<u>12,500</u>
	<u>262,919</u>	<u>214,938</u>

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6 Other receivables (Cont'd)

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Indian Rupee	538	1,656
Indonesian Rupiah	2,197	1,202
Malaysian Ringgit	1,225	1,511
Philippine Peso	9,114	8,910
United States Dollar	<u>111,928</u>	<u>74,659</u>

7 Other asset

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Accrued income	<u>498,760</u>	<u>466,219</u>

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
United States Dollar	<u>-</u>	<u>2,998</u>

8 Cash and bank balances

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Fixed deposits:		
- Maturity more than 3 months (*)	7,036	6,700
- Maturity less than 3 months	2,249,064	900,161
Cash at bank	1,334,506	913,259
Cash in hand	<u>1,829</u>	<u>2,243</u>
	<u>3,592,435</u>	<u>1,822,363</u>

(*) For cash flow purposes, cash and cash equivalents do not include fixed deposits with maturity after 3 months.

Fixed deposits are with an original tenure of 3 months to 12 months (2016: 3 months to 12 months). As of year end, the maturity period is between 3 months to 6 months (2016: 3 months to 9 months).

Fixed deposits interest rate is about 0.5% to 1.75% (2016:0.6% to 1.75%) per annum.

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8 Cash and bank balances (Cont'd)

The cash and bank balances that are not denominated in Singapore Dollar are as follows:-

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Japanese Yen	24	203,935
Philippine Peso	-	28,202
United States Dollar	<u>1,200,544</u>	<u>395,671</u>

9 Share capital

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	No. of shares issued	S\$	No. of shares issued	S\$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>

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.

10 Trade payables and accruals

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Trade payables:		
- Outside parties	74,530	876
- Holding company	215,732	193,780
- Related company	214,200	313,855
GST payable	129,222	111,492
Accrued expenses	<u>1,602,719</u>	<u>604,243</u>
	<u>2,236,403</u>	<u>1,224,246</u>

The average credit period on services is 60 days to 90 days (2016:60 days to 90 days).

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Euro	65,779	36,497
Indian Rupee	577	138
Japanese Yen	-	179,363
Malaysian Ringgit	-	1,367
Philippine Peso	-	1,482
United States Dollar	<u>385,065</u>	<u>308,864</u>

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11 Other payable

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Holding company	-	<u>6,214</u>

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

The other payable that is not denominated in Singapore Dollar are as follows:-

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Euro	-	<u>4,215</u>

12 Provision for unutilised leave

	<u>2017</u>	<u>2016</u>
	S\$	S\$
At beginning of year	219,896	205,244
(Reversal)/Charge for the year	(13,290)	14,652
At end of year	<u>206,606</u>	<u>219,896</u>

13 Revenue

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Software development services and product	<u>14,627,898</u>	<u>18,506,975</u>

14 Other income

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Interest income:		
- Banks	16,212	6,458
- Related company	-	2,708
Government grant - temporary employment credit	11,910	5,736
Miscellaneous income	640	8,283
	<u>28,762</u>	<u>23,185</u>

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15 Other gains/(losses) - net

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Foreign exchange adjustments:		
- Gains	<u>17,132</u>	<u>88,598</u>

16 Salaries and employee benefits

Salaries and employee benefits for the years ended:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Salaries and allowances	7,705,841	8,164,914
CPF contributions (defined)	331,872	196,390
Director's fees	55,286	54,000
Skill development levy	9,742	12,102
Staff welfare	18,859	25,580
	<u>8,121,600</u>	<u>8,452,986</u>

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Director's fees	<u>55,286</u>	<u>54,000</u>

17 Profit 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):-

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Foreign exchange gain	(17,132)	(88,598)
Operating lease - rental	<u>356,150</u>	<u>439,572</u>

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For the financial year ended March 31, 2017

18 Income tax expense

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Current tax	235,429	304,270
Prior years over provision	(143,453)	(13,605)
Deferred tax	29,336	8,126
	<u>121,312</u>	<u>298,791</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Profit before income tax	<u>331,528</u>	<u>2,185,536</u>
Tax expense at the rate of 17%	56,360	371,541
Non-taxable income	-	(27,512)
Non-deductible items	221,662	-
Statutory stepped income exemption	(25,925)	(25,925)
Corporate tax rebate	(20,000)	(20,000)
Previously unrecognised deferred tax assets recognised in the year	-	(19,250)
Foreign tax credit	(5,355)	(7,380)
Foreign tax paid	38,023	33,540
Prior years over provision	(143,453)	(13,605)
Other items	-	7,382
Income tax expense for the financial year	<u>121,312</u>	<u>298,791</u>

19 Dividend paid

In 2016, the Company had paid an interim exempt (one-tier) dividend of S\$5.45 per ordinary share totaling S\$3,406,250 for the financial year ended March 31, 2016.

20 Holding company and related companies transactions

Some of the Company's transactions and arrangement are with holding company and related companies 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.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

20 Holding company and related companies transactions (Cont'd)

During the year, the Company entered into the following trading transactions:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<i>Holding company</i>		
Income from software development services and product	1,809,834	2,639,804
Consultancy and sub-contract charges	<u>2,196,091</u>	<u>2,524,393</u>
<i>Related companies</i>		
Income from software development services and product	-	2,192,559
Consultancy and sub-contract charges	2,556,850	3,623,079
Interest income	-	<u>2,708</u>

21 Operating lease commitments

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<i>Rental expense:</i>		
Within 1 year	185,258	323,570
Within 2 to 5 years	4,264	104,545
	<u>189,522</u>	<u>428,115</u>

22 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:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Financial assets		
Loans and receivables	<u>6,065,717</u>	<u>4,693,230</u>

Loans and receivables under financial assets comprise trade receivables, other receivables (excluding withholding tax receivable and prepayments), other asset and cash and bank balances.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

22 Financial instruments, financial and capital risk management (Cont'd)

(a) Categories of financial instruments (Cont'd)

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Financial liabilities		
Amortised cost	<u>2,236,403</u>	<u>1,230,460</u>

Amortised cost under financial liabilities comprises trade payables and accruals, and other payable.

(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 (i.e. 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, other asset, cash and bank balances, trade payables and accruals, and other payable. 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.

(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 has no significant exposure to market risk for changes in interest rate as it has no bank borrowings with variable interest rates.

The Company has interest bearing fixed deposits. The interest bearing fixed deposits are short term in nature and with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the Company.

Interest rate sensitivity

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

22 Financial instruments, financial and capital risk management (Cont'd)

(c) Financial risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate sensitivity (Cont'd)

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's profit before tax for the year ended March 31, 2017 would increase or decrease by about S\$11,300 (2016:S\$4,500) respectively.

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 has no significant liquidity risk. It maintains a level of cash and cash equivalents that is sufficient for working capital purposes.

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

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
<u>2017</u>				
Non-derivative financial liabilities				
Trade and other payables	2,236,403	(2,236,403)	(2,236,403)	-
<u>2016</u>				
Non-derivative financial liabilities				
Trade and other payables	1,230,460	(1,230,460)	(1,230,460)	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all its customers. The Company has adopted a policy of only dealing with creditworthy counterparties.

As at year end, the Company has a significant exposure of credit risk in relation to one outside party which amounts to 68% (2016:53%). In 2016, the Company also had an exposure towards trade receivable from its holding company and a related company.

22 Financial instruments, financial and capital risk management (Cont'd)

(c) Financial risk (Cont'd)

Credit risk (Cont'd)

The management does not foresee any risk of default by these parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in **Note 5** to the financial statements.

Cash at bank are placed with credit worthy financial institutions.

The carrying amounts of the Company's trade receivables, other receivables, other asset and cash and bank balances represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Foreign currency risk

The Company transacts its business mainly in Singapore Dollar. However, it also has transactions in few other currencies.

At financial year end, the carrying amounts of monetary assets and liabilities denominated in currencies other than in the functional currency of the Company 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. Increase in the rate of foreign currencies by 10% against the Singapore Dollar will increase/(decrease) the profit before tax by the following amount:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies against Singapore Dollar will increase/(decrease) to profit before tax by:</i>		
Euro	5,825	4,821
Indian Rupee	-	152
Japanese Yen	-	46,670
United States Dollar	<u>135,730</u>	<u>108,578</u>

A corresponding decrease in the rate of foreign currencies against the Singapore Dollar will have a vice-versa effect on the results of the Company.

The fluctuations in the other foreign currencies against the Singapore Dollar will have no significant impact on the results of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Company has no significant exposure to price risk.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

22 Financial instruments, financial and capital risk management (Cont'd)

(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 maximizing the return to shareholders through optimization of the capital.

As part of the management's review of the capital structure, the management considers the cost of capital and the risks associated with each class of capital. The management will balance its overall capital structure through the payment of dividends, new issue of shares, obtaining new loans or repayment of loans.

The management's overall strategy remains unchanged from 2016.

23 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:

	<u>Effective from annual periods beginning on or after</u>
FRS 7 (Amendments) : Disclosure Initiative	January 1, 2017
FRS 12 (Amendments) : Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
FRS 40 (Amendments) : Transfers of Investment Property	January 1, 2018
FRS 102 (Amendments) : Classification and Measurement of Share-based Payment Transactions	January 1, 2018
FRS 109 : Financial Instruments	January 1, 2018
FRS 115 (Amendments) : Revenue from Contracts with Customers	January 1, 2018
FRS 116 : Leases	January 1, 2019
<i>Improvements to FRSs</i>	
FRS 101 (Amendments) : First-time Adoption of Financial Reporting Standards	January 1, 2018

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.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2017

24 Reclassification of comparative figures

Certain reclassifications have been made to the prior year's financial statements to be consistent with the current year's financial statements as follows:-

	<u>After reclassification</u>	<u>As previously reported</u>
	S\$	S\$
Statement of comprehensive income		
Cost of sales	-	15,374,009
Administrative expenses	-	1,059,213
Consultancy and sub-contract charges	6,324,731	-
Salaries and employee benefits	8,452,986	-
Depreciation of plant and equipment	68,586	-
Other operating expenses	<u>1,586,919</u>	-

25 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on April 24, 2017.

Nucleus Software Solutions Pte Ltd

The Accompanying Supplementary Detailed Income

Statement Has Been Prepared For Management Purposes Only

And Does Not Form Part Of The Audited Financial Statements

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Revenue		
Software development services and product	<u>14,627,898</u>	<u>18,506,975</u>
Other income		
Interest income:		
- Banks	16,212	6,458
- Related company	-	2,708
Government grant - temporary employment credit	11,910	5,736
Miscellaneous income	640	8,283
	<u>28,762</u>	<u>23,185</u>
Other gains/(losses) - net		
Foreign exchange adjustments:		
- Gains	<u>17,132</u>	<u>88,598</u>
Consultancy and sub-contract charges	<u>(4,905,819)</u>	<u>(6,324,731)</u>
Salaries and employee benefits		
Salaries and allowances	(7,705,841)	(8,164,914)
CPF contributions (defined)	(331,872)	(196,390)
Director's fees	(55,286)	(54,000)
Skill development levy	(9,742)	(12,102)
Staff welfare	(18,859)	(25,580)
	<u>(8,121,600)</u>	<u>(8,452,986)</u>
Depreciation of plant and equipment	<u>(47,334)</u>	<u>(68,586)</u>
Other operating expenses		
Air-con charges	(26,198)	(23,228)
Auditors' remuneration:		
- Statutory audit	(34,250)	(38,500)
- Other expenses	(4,485)	(4,179)
Bank charges	(11,463)	(11,915)
Books and periodicals	(704)	(583)
Brokerage charges	-	(1,500)
Business promotion and entertainment	(10,830)	(16,808)

..... Cont'd

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Other operating expenses (Cont'd)		
Cleaning and maintenance	(19,102)	(31,780)
Computer consumables and peripherals	(19,481)	(22,853)
Conferences, seminar and exhibition	-	(356)
Courier and postage	(3,453)	(6,262)
Festival/establishment	(10,161)	(2,638)
Hotel expenses	(3,615)	(5,640)
Immigration expenses	(23,330)	(30,975)
Insurance	(79,105)	(92,729)
Local conveyance	(28,881)	(44,590)
Membership and subscription	(1,230)	(1,384)
Office expenses	(1,449)	(5,970)
Operating lease - rental	(356,150)	(439,572)
Printing and stationary	(7,248)	(8,894)
Professional charges	(88,146)	(66,287)
Recruitment and training	(11,745)	(45,998)
Secretarial fees	(960)	(960)
Telephone and internet	(142,072)	(163,659)
Trading expenses	(147,261)	(126,914)
Travelling expenses	(213,288)	(355,261)
Water and electricity	(22,904)	(37,484)
	<u>(1,267,511)</u>	<u>(1,586,919)</u>
Profit before income tax	331,528	2,185,536
Income tax expense		
- Current tax	(235,429)	(304,270)
- Prior years over provision	143,453	13,605
- Deferred tax	(29,336)	(8,126)
Profit after income tax	<u>210,216</u>	<u>1,886,745</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>210,216</u></u>	<u><u>1,886,745</u></u>

Not Part Of Audited Financial Statements

NUCLEUS SOFTWARE SOLUTIONS PTE LTD
(Company Registration No. 199401311C)

Financial Statements For The Year Ended March 31, 2017

Nucleus Software Solutions Pte Ltd

(Incorporated in the Republic of Singapore)

Directors

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

Secretary

Wong Lai Chee

Registered Office

300 Tampines Avenue 5

#04-06 NTUC Income Tampines Junction

Singapore 529653

Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

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Statement of Comprehensive Income	7
Statement of Changes in Equity	8
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Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2017

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2017.

1 Directors

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

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits 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 year 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 director and companies in which interests are held	Shareholdings registered in the 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
<i>Holding company</i> <i>Nucleus Software Exports Limited</i> <i>Ordinary shares of INR 10 each</i>				
Vishnu Rampratap Dusad	1,603,492	1,603,492	14,066,248	14,066,248

By virtue of Section 7 of the Companies Act, he is deemed to have an interest in the Company and in all the related corporations of the Company.

4 Share options

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

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2017

5 Auditors

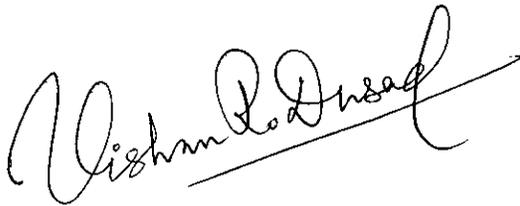
The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

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, 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; 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



Vishnu Rampratap Dusad



Yasmin Javeri Krishan

Date: April 24, 2017

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NUCLEUS SOFTWARE SOLUTIONS PTE LTD (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2017, and the statement of 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRS) 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 year ended on that date.

Other Matter

The financial statements of the Company for the financial year ended March 31, 2016 were audited by another firm of auditors who expressed an unqualified opinion on those financial statements on April 19, 2016.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

Report on the Audit of the Financial Statements (Cont'd)

Other Information (Cont'd)

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 SSA 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 SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
(Incorporated in the Republic of Singapore)

Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: April 24, 2017

Nucleus Software Solutions Pte Ltd

Statement of Financial Position

As at March 31, 2017

	Note	2017	2016
		S\$	S\$
Assets			
Non-current assets			
Plant and equipment	3	39,423	86,757
Deferred tax assets	4	-	22,634
Total non-current assets		<u>39,423</u>	<u>109,391</u>
Current assets			
Trade receivables	5	1,876,156	2,311,286
Other receivables	6	262,919	214,938
Other asset	7	498,760	466,219
Cash and bank balances	8	3,592,435	1,822,363
Total current assets		<u>6,230,270</u>	<u>4,814,806</u>
Total assets		<u>6,269,693</u>	<u>4,924,197</u>
Equity and liabilities			
Equity			
Share capital	9	625,000	625,000
Accumulated profits		2,639,626	2,429,410
Total equity		<u>3,264,626</u>	<u>3,054,410</u>
Non-current liabilities			
Deferred tax liabilities	4	6,702	-
Total non-current liabilities		<u>6,702</u>	<u>-</u>
Current liabilities			
Trade payables and accruals	10	2,236,403	1,224,246
Other payables	11	-	6,214
Provision for unutilised leave	12	206,606	219,896
Deferred revenue		455,819	156,082
Income tax payable		99,537	263,349
Total current liabilities		<u>2,998,365</u>	<u>1,869,787</u>
Total liabilities		<u>3,005,067</u>	<u>1,869,787</u>
Total equity and liabilities		<u>6,269,693</u>	<u>4,924,197</u>

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

Nucleus Software Solutions Pte Ltd
Statement of Comprehensive Income

For the financial year ended March 31, 2017

	Note	<u>2017</u>	<u>2016</u>
		S\$	S\$
Revenue	13	14,627,898	18,506,975
Other income	14	28,762	23,185
Other gains/(losses) - net	15	17,132	88,598
Consultancy and sub-contract charges		(4,905,819)	(6,324,731)
Salaries and employee benefits	16	(8,121,600)	(8,452,986)
Depreciation of plant and equipment	3	(47,334)	(68,586)
Other operating expenses		(1,267,511)	(1,586,919)
Profit before income tax	17	<u>331,528</u>	<u>2,185,536</u>
Income tax expense	18	(121,312)	(298,791)
Profit after income tax		<u>210,216</u>	<u>1,886,745</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>210,216</u></u>	<u><u>1,886,745</u></u>

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

Nucleus Software Solutions Pte Ltd

Statement of Changes in Equity

For the financial year ended March 31, 2017

	Note	Share capital	Accumulated profits	Total
		S\$	S\$	S\$
Balance as at 01.04.2015		625,000	3,948,915	4,573,915
Dividend paid	19	-	(3,406,250)	(3,406,250)
Total comprehensive income for the year		-	1,886,745	1,886,745
Balance as at 31.03.2016		625,000	2,429,410	3,054,410
Total comprehensive income for the year		-	210,216	210,216
Balance as at 31.03.2017		625,000	2,639,626	3,264,626

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

Nucleus Software Solutions Pte Ltd

Statement of Cash Flows

For the financial year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Cash flows from operating activities		
Profit before income tax	331,528	2,185,536
Adjustments for:		
Depreciation of plant and equipment	47,334	68,586
(Reversal)/Charge of unutilised leave	(13,290)	14,652
Interest income	(16,212)	(9,166)
Operating profit before working capital changes	349,360	2,259,608
Trade receivables	435,130	79,434
Other receivables	(47,504)	240,520
Other asset	(32,541)	(65,903)
Trade payables and accruals	1,012,157	(46,632)
Deferred revenue	299,737	(159,390)
Cash generated from operations	2,016,339	2,307,637
Interest received	16,212	9,166
Income tax paid	(256,265)	(27,316)
Net cash from operating activities	<u>1,776,286</u>	<u>2,289,487</u>
Cash flows from investing activities		
Purchase of plant and equipment	-	(53,945)
Cash restricted in use over 3 months	(336)	(6,700)
Net cash used in investing activities	<u>(336)</u>	<u>(60,645)</u>
Cash flows from financing activities		
Other payable - holding company	(6,214)	(21,281)
Dividend paid	-	(3,406,250)
Net cash used in financing activities	<u>(6,214)</u>	<u>(3,427,531)</u>
Net increase/(decrease) in cash and cash equivalents	1,769,736	(1,198,689)
Cash and cash equivalents brought forward	1,815,663	3,014,352
Cash and cash equivalents carried forward	<u><u>3,585,399</u></u>	<u><u>1,815,663</u></u>
Cash and cash equivalents comprise:-		
Fixed deposits	2,249,064	900,161
Cash at banks	1,334,506	913,259
Cash in hand	1,829	2,243
	<u><u>3,585,399</u></u>	<u><u>1,815,663</u></u>

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