Nucleus Software Solutions Pte Ltd
Registration Number: 199401311C

Annual Report
Year ended 31 March 2010

Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2010.

Directors

The directors in office at the date of this report are as follows:

Vishnu Rampratap Dusad
Kapil Kumar Gupta

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants or share options in the Company or of related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Holding company		
Nucleus Software Exports Limited		
Vishnu Rampratap Dusad		
- ordinary shares (par value of Indian Rupees 10 each)	3,603,492	3,603,492

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares and debentures of the Company or of related corporations either at the beginning or at the end of the financial year.

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 16 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in 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.

Signed by the Board of Directors

Vishnu R. Dusad

Vishnu Rampratap Dusad
Director

Kapil Gupta

Kapil Kumar Gupta
Director

24 April 2010

Statement by Directors

In our opinion:

(a) the financial statements set out on pages FS1 to FS19 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Signed by the Board of Directors

Vishnu Rampratap Dusad
Director

Kapil Gupta

Kapil Kumar Gupta
Director

24 April 2010

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Independent auditors' report

Member of the Company
Nucleus Software Solutions Pte Ltd

We have audited the financial statements of Nucleus Software Solutions Pte Ltd (the Company), which comprise the statement of financial position as at 31 March 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS19.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

(a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

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 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 auditor's judgement, 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 and fair presentation of the financial statements 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.

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:

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
24 April 2010

Statement of financial position
As at 31 March 2010

	Note	2010 $	2009 $
Assets			
Property, plant and equipment	4	273,070	436,917
Total non-current assets		273,070	436,917
Trade and other receivables	5	9,055,749	10,064,030
Cash and cash equivalents		1,787,953	2,599,626
Total current assets		10,843,702	12,663,656
Total assets		11,116,772	13,100,573
Equity			
Share capital	6	625,000	625,000
Capital reserve		116,064	448,686
Accumulated profits		5,821,260	5,670,965
Total equity		6,562,324	6,744,651
Liabilities			
Deferred tax liabilities	8	34,517	76,344
Non-current liabilities		34,517	76,344
Trade and other payables	9	4,439,546	6,101,329
Current tax payable		80,385	178,249
Total current liabilities		4,519,931	6,279,578
Total liabilities		4,554,448	6,355,922
Total equity and liabilities		11,116,772	13,100,573

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

Statement of comprehensive income
Year ended 31 March 2010

	Note	2010 $	2009 $
Revenue	10	26,031,092	28,125,273
Cost of sales		(23,692,829)	(25,240,086)
Gross profit		2,338,263	2,885,187
Other operating income	11	2,172	55,833
Administrative and operating expenses		(2,195,144)	(1,789,460)
Profit before income tax	12	145,291	1,151,560
Income tax credit/(expense)	13	5,004	(151,374)
Profit for the year		150,295	1,000,186
Other comprehensive income			
Capital contribution for share-based payment arrangements involving equity instruments of the holding company		(332,622)	56,948
Total comprehensive income for the year		(182,327)	1,057,134

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

Statement of changes in equity
Year ended 31 March 2010

	Share capital $	Capital reserve $	Accumulated profits $	Total $
At 1 April 2008	625,000	391,738	4,670,779	5,687,517
Total comprehensive income for the year				
Profit for the year	–	–	1,000,186	1,000,186
Other comprehensive income				
Capital contribution for share-based payment arrangements involving equity instruments of the holding company	–	56,948	–	56,948
Total comprehensive income for the year	–	56,948	1,000,186	1,057,134
At 31 March 2009	625,000	448,686	5,670,965	6,744,651
At 1 April 2009	625,000	448,686	5,670,965	6,744,651
Total comprehensive income for the year				
Profit for the year	–	–	150,295	150,295
Other comprehensive income				
Capital contribution for share-based payment arrangements involving equity instruments of the holding company	–	(332,622)	–	(332,622)
Total comprehensive income for the year	–	(332,622)	150,295	(182,327)
At 31 March 2010	625,000	116,064	5,821,260	6,562,324

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

Statement of cash flows
Year ended 31 March 2010

	2010 $	2009 $
Cash flows from operating activities		
Profit before income tax	145,291	1,151,560
Adjustments for:		
Depreciation of property, plant and equipment	227,149	293,271
Share based expenses	(332,622)	56,948
Gain on disposal of property, plant and equipment	-	(10,479)
Property, plant and equipment written off	-	7,012
Interest income	(1,269)	(6,969)
	38,549	1,491,343
Change in trade and other receivables	984,335	(41,894)
Change in trade and other payables	(1,661,783)	(1,000,668)
Cash generated from operating activities	(638,899)	448,781
Interest received	1,269	6,969
Income taxes paid	(134,687)	(258,289)
Net cash from operating activities	(772,317)	197,461
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,302)	(220,726)
Proceeds from sale of property, plant and equipment	-	173,314
Net cash from/(used in) investing activities	(63,302)	(47,412)
Cash flows from financing activities		
Non-trade amounts due from related corporations	23,946	795,446
Net cash from financing activities	23,946	795,446
Net (decrease)/increase in cash and cash equivalents	(811,673)	945,495
Cash and cash equivalents at 1 April	2,599,626	1,654,131
Cash and cash equivalents at 31 March	1,787,953	2,599,626

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 24 April 2010.

1 Domicile and activities

Nucleus Software Solutions Pte Ltd (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 300 Tampines Avenue 5, #05-05 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.

The immediate and ultimate holding company is Nucleus Software Exports Ltd, a company incorporated in New Delhi, India.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and initial judgements is described in note 7 in relation to the measurement of share based expenses.

2.5 Changes in accounting policies

Overview

Starting as of 1 January 2009 on adoption of new/revised FRS, the Company has changed its accounting policy in the following area:

- Presentation of financial statements

Presentation of financial statements

The Company applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Computer	3 years
Furniture and fittings	5 years
Office equipment and renovations	5 years
Electrical equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.3 Financial instruments

Non-derivative financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash and bank balances.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

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

The Company has the following non-derivative financial liabilities: trade and other payables.

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

Share capital

Ordinary shares

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

3.4 Operating leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

3.5 Impairment

Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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

3.6 Employee benefits

Defined contribution plan

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

Short-term benefits

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

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

Share-based payment

Share options

The share option plan of the holding company ("Nucleus Software Exports Limited" or "parent") allows the employees of the Company to acquire shares of the parent. The fair value of options granted by the parent over its equity instrument to the employees of the Company is recognised as an employee expense with a corresponding increase in equity (i.e. representing capital contributions from the parent). The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

3.7 Revenue recognition

Revenue from projects is recognised on the percentage of completion method. The percentage of completion is based upon budgeted hours for each project against actual hours used.

Professional fees from advisory and consultancy services are recognised on rendering of services.

3.8 Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the company and are offset against staff costs in the financial statements.

3.9 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.10 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these will have significant impact on the financial statements of the Company.

4 Property, plant and equipment

	Computer $	Furniture and fittings $	Electrical equipment $	Office equipment $	Office renovation $	Total $
Cost						
At 1 April 2008	1,401,865	171,347	12,388	237,480	296,468	2,119,548
Additions	207,501	–	–	750	12,475	220,726
Disposals	(338,604)	(1,929)	–	(84,866)	(21,037)	(446,436)
At 31 March 2009	1,270,762	169,418	12,388	153,364	287,906	1,893,838
Additions	63,302	–	–	–	–	63,302
At 31 March 2010	1,334,064	169,418	12,388	153,364	287,906	1,957,140
Accumulated depreciation						
At 1 April 2008	986,065	169,898	12,388	134,576	137,312	1,440,239
Depreciation charge for the year	216,476	382	–	20,420	55,993	293,271
Disposals	(234,965)	(1,232)	–	(26,367)	(14,025)	(276,589)
At 31 March 2009	967,576	169,048	12,388	128,629	179,280	1,456,921
Depreciation charge for the year	170,497	178	–	10,545	45,929	227,149
At 31 March 2010	1,138,073	169,226	12,388	139,174	225,209	1,684,070
Carrying amount						
At 1 April 2008	415,800	1,449	–	102,904	159,156	679,309
At 31 March 2009	303,186	370	–	24,735	108,626	436,917
At 31 March 2010	195,991	192	–	14,190	62,697	273,070

5 Trade and other receivables

	2010 $	2009 $
Trade receivables	5,541,048	4,998,859
Advance billings	337,297	314,504
Amount due from related corporations (trade)	1,685,096	3,138,184
Deposits	248,851	253,154
Advances to staff	64,408	100,743
Other receivables	434,461	496,479
Non-trade amounts due from related corporations	597,214	621,160
Loan and receivables	8,908,375	9,923,083
Prepayments	147,374	140,947
	9,055,749	10,064,030

The non-trade amounts due from related corporation are unsecured, interest-free and repayable on demand.

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 14.

6 Share capital

	2010 No. of shares	2009 No. of shares
Fully paid ordinary shares, with no par value:		
At 1 April and 31 March	625,000	625,000

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

7 Equity compensation benefits

Information regarding the Share Option Plan of the holding company is set out below:

(i) The holding company currently has four Employee Stock Option Plan (ESOP) Schemes, ESOP Scheme – 1999, ESOP Scheme – 2002, ESOP Scheme – 2005 and ESOP Scheme – 2006. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings.

(ii) The options vest between 1 to 4 years from the grant date. An employee should be in continuous employment for a period of 3 years on the vesting date.

(iii) The options can be exercised within 2 years of vesting date.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2010 $	No. of options 2010	Weighted average exercise price 2009 $	No. of options 2009
At 1 April and 31 March	15.28	9,000	13.38	50,000
Exercisable at 31 March		–		–

Share options outstanding at the end of the year are summarised below.

Date of grant of options	Exercise price $	Options outstanding 2010	Options outstanding 2009
14 April 2006	12.76	-	20,000
9 December 2006	13.07	4,500	25,000
9 December 2006	17.41	4,500	5,000
		9,000	50,000

The weighted average remaining contractual life for options outstanding at the year end is 1.55 years (2009: 1.43 years).

The fair value of services received in return for stock options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is based on a Black-Scholes model. The fair value of share options and assumptions are set out below:

Date of grant of options	**11 June 2004**	**2 June 2005**	**14 April 2006**	**9 December 2006**
Weighted average fair value of share options at measurement date	$2.76	$4.83	$6.57	$12.28
Share price	$3.74	$8.68	$12.76	$17.41
Exercise price	$0.92	$6.53	$12.76	$13.07 - $17.41
Expected volatility	22.28%	91.07%	58.86% - 121.11%	62.96% - 147.15%
Expected option life	4 years	4 years	3 - 5 years	3 - 6 years
Expected dividends	0.84%	0.84%	0.84%	0.84%
Risk-free interest rate	8%	8%	8%	8%

The expected volatility is based on historic volatility.

8 Deferred tax liabilities

Movements in deferred tax assets/(liabilities) of the Company during the year are as follows:

	At 1 April 2008	**Recognised in profit or loss (note 13)**	**At 31 March 2009**	**Recognised in profit or loss (note 13)**	**At 31 March 2010**
	$	**$**	**$**	**$**	**$**
Deferred tax assets					
Other provisions	4,612	(2,413)	2,199	(953)	1,246
Deferred tax liabilities					
Plant and equipment	(93,627)	15,084	(78,543)	42,780	(35,763)
	(89,015)	12,671	(76,344)	41,827	(34,517)

9 Trade and other payables

	2010	**2009**
	$	**$**
Trade payables	120,571	194,234
Advance billing to customer	1,023,749	1,145,033
Amount due to holding company (trade)	777,478	589,760
Amounts due to related parties (trade)	1,841,496	3,191,905
Accrued operating expenses	676,252	980,397
	4,439,546	6,101,329

The Company's exposure to liquidity and currency risk related to trade and other payables is disclosed in note 14.

10 Revenue

Revenue comprised of professional fees earned from providing software technical advisory and consultancy service.

11 Other operating income

	2010 $	2009 $
Interest income	1,269	6,969
Gain on disposal of plant and equipment	–	10,479
Miscellaneous income	903	38,385
	2,172	55,833

12 Profit before income tax

The following items have been included in arriving at profit before income tax:

	2010 $	2009 $
Exchange loss/(gain)	267,414	(160,910)
Staff costs	9,890,046	12,381,713
Contributions to defined contribution plans included in staff costs	560,633	468,681
Government grant – Jobs Credit Scheme, offset against staff costs	(193,604)	(155,425)
Operating lease expense	939,598	960,033
Interest income from bank balances	(1,269)	(6,969)
Value of employee services received for issue of share options, included in staff costs	(332,622)	56,948

13 Income tax (credit)/expense

	2010 $	2009 $
Current tax expense		
Current year	3,778	164,045
Underprovision in respect of prior year	33,045	–
	36,823	164,045
Deferred tax expense		
Movements in temporary differences	(41,827)	(11,781)
Reduction in tax rate	–	(890)
	(41,827)	(12,671)
Income tax (credit)/expense	(5,004)	151,374

Reconciliation of effective tax rate

	2010 $	2009 $
Profit before income tax	145,291	1,151,560
Income tax using the Singapore tax rate of 17 % (2009: 17%)	24,699	195,765
Effect of tax rates in foreign jurisdiction	596	1,542
Expenses not deductible for tax purposes	7,808	17,418
Tax incentives	(2,463)	(25,925)
Effect of change in tax rate	–	(890)
Non-taxable income	(54,846)	–
Underprovision in respect of prior year	33,045	–
Others	(13,843)	(36,536)
	(5,004)	151,374

14 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all corporate customers requiring credit.

Concentration of credit risk relating to loans and receivables is limited due to the Company's many varied customers. These customers are internationally dispersed, engaged in banking and non banking financial software development and implementation services. The Company's historical experience in the collection of loans and receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's loans and receivables.

The maximum exposure to credit risk for loans and receivables at the reporting date (by geographical area) is:

	2010	**2009**
	$	**$**
Japan	4,217,012	4,581,699
Singapore	2,969,471	3,481,054
Korea	125,207	143,880
Pakistan	353,997	223,400
Vietnam	70,536	271,169
China	1,032,699	869,640
India	131,456	316,860
Philippines	7,997	4,353
Australia	-	22,046
Hong Kong	-	8,982
	8,908,375	9,923,083

The Company's most significant customer, Shinsei Bank, accounts for $2,474,095 (2009: $15,197,10) of the trade receivables carrying amount at 31 March 2010.

Impairment losses

The ageing of loans and receivables at the reporting date is:

	Gross 2010 $	Impairment losses 2010 $	Gross 2009 $	Impairment losses 2009 $
Not past due	2,773,254	–	4,507,241	–
Past due 0-30 days	1,608,736	–	1,460,431	–
Past due 31-180 days	3,229,762	–	3,040,981	–
Past due 181-365 days	641,578	–	331,959	–
Past due more than 365 days	655,045	–	582,471	–
	8,908,375	–	9,923,083	–

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of loans and receivables. These loans and receivables are mainly arising by customers that have a good record with the Company.

Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of trade payables:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2010					
Trade and other payables	4,439,546	4,439,546	4,439,546	–	–
2009					
Trade and other payables	6,101,329	6,101,329	6,101,329	–	–

Interest rate risk

The Company is not exposed to significant changes in interest rates.

Foreign currency risk

The Company incurs foreign currency risk on certain assets and liabilities denominated in foreign currencies, mainly US dollars.

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

The Company's exposures to foreign currency are as follows:

	2010 US dollar $	2009 US dollar $
Trade and other receivables	5,278,827	2,921,674
Trade and other payables	(2,020,535)	(3,191,905)
	3,258,292	(270,231)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currency at the reporting date would (decrease)/increase profit or loss by the amounts shown below.

	2010 Profit or loss $	2009 Profit or loss $
US dollar	(325,829)	27,023

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital base to support its business and maximise shareholders value. The Company has determined that it is in a sound capital position given its capital and resources available. The Company monitors the capital requirements to ensure that it is able to support its existing business.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Estimating the fair values

The carrying amounts of financial assets and liabilities are assumed to approximate their fair values as they are mainly short term in nature or repriceable.

15 Commitments

At 31 March 2010, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2010 $	2009 $
Within 1 year	370,229	928,893
After 1 year but within 5 years	9,360	381,149
	379,589	1,310,042

16 Related parties

Key management personnel compensation

Compensation payable to key management personnel comprises:

	2010	2009
	$	$
Remuneration to a director	54,000	54,000

Other related party transactions

Other than disclosed elsewhere in the financial statements, the Company has significant transactions with its holding company and its related corporations, at terms agreed between the parties, as follows:

	2010	2009
	$	$
Income		
Professional services rendered to holding company	323,322	95,878
Professional services rendered to a related corporation	3,238,627	4,722,509
Expenses		
Consultancy charges paid/payable to holding company	3,318,868	2,521,346
Consultancy charges paid/payable to a related corporation	9,218,857	8,441,686