Independent Auditors' Report on Consolidated Financial Statements

To the Members of PINNACLE TALENT INC
Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **PINNACLE TALENT INC** ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section

143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matter

We did not audit the financial statement of certain subsidiaries, whose financial statements reflect total assets of Rs. 2462.29 Lakhs as at march 31, 2016, total revenues of Rs 1561.52 Lakhs and net cash inflows amounting to 206.90 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosers included in respect of these subsidiaries, and our report in terms of sub section (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid subsidiaries in based solely n the reports of the other auditors.

Our opinion on the Consolidated financial statements, and our report and Regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's report of the company and on the auditors reports issued in accordance with the Order on subsidiary companies incorporated in India, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.

2. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in its consolidated financial statements as of March 31, 2016.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies incorporated in India.

For Sudhakar Pai Associates
Chartered Accountants

Date: 11.05.2016

(CA B Sudhakar Pai)
Partner
Membership no 018187
Firm Reg no 004171S

Place: Bangalore

M/s Pinnacle Talent Inc
Balance Sheet as at March 31, 2016

Amount in Rs.

	Particulars	Note	As At 31.03.2016	As At 31.03.2015
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	1	10,612,800	10,612,800
	(b) Reserves and surplus	2	(57,240,038)	(52,101,654)
	(c) Money received against share warrants			
2	**Share application money pending allotment**			
3	**Non-current liabilities**			
	(a) Long-term borrowings			-
	(b) Deferred tax liabilities (net)			
	(c) Other long-term liabilities			
	(d) Long-term provisions			-
4	**Current liabilities**			
	(a) Short-term borrowings			-
	(b) Trade payables	3	142,033,944	213,935,720
	(c) Short-term provisions	5	1,966,964	3,146,420
	TOTAL		**97,373,670**	**175,593,286**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	6	76	76
	(ii) Intangible assets			
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(v) Fixed assets held for sale			
	(b) Non-current investments			
	(c) Deferred tax assets (net)			
	(d) Long-term loans and advances	7	121,649	121,649
	(e) Other non-current assets			
2	**Current assets**			
	(a) Current investments			
	(b) Inventories			
	(c) Trade receivables	8	-	69,454,745
	(d) Cash and cash equivalents	9	253,948	1,769,380
	(e) Short-term loans and advances	10	96,997,997	104,247,436
	(f) Other current assets			
	TOTAL		**97,373,670**	**175,593,286**

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants
Firm's Registration No. 004171S

Rabindra Srikantan
President

CA. B Sudhakar Pai
Partner
Membership No.018187

Place : Bangalore
Date : 11.05.2016

M/s Pinnacle Talent Inc

Statement of Profit & Loss Account for the Year ended 31st March 2016

	Particulars	Note	Year Ended 31.03.2016	Year Ended 31.03.2015
A	**CONTINUING OPERATIONS**			
1	Revenue from operations (gross)		49,957,757	21,118,620
2	Other income	11	2,623,578	1,211
3	**Total revenue (1+2)**		**52,581,336**	**21,119,830**
4	**Expenses**			
	(a) Employee benefits expense	12	42,675,737	48,133,442
	(b) Finance costs	14	44,909	5,433
	(c) Depreciation and amortisation expense	6	-	-
	(d) Other expenses	13	8,436,150	16,459,319
	Total expenses		**51,156,796**	**64,598,194**
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		1,424,540	(43,478,364)
6	Exceptional items			
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		1,424,540	(43,478,364)
8	Extraordinary items			
9	Profit / (Loss) before tax (7 + 8)		1,424,540	(43,478,364)
10	Tax expense:			
	(a) Current tax expense for current year			
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years			
	(d) Net current tax expense			
	(e) Deferred tax			
11	**Profit / (Loss) from continuing operations (9 +10)**		**1,424,540**	**(43,478,364)**
B	**DISCONTINUING OPERATIONS**			
12.i	Profit / (Loss) from discontinuing operations (before tax)			
12.ii	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations			
12.iii	Add / (Less): Tax expense of discontinuing operations			
	(a) on ordinary activities attributable to the discontinuing operations			
	(b) on gain / (loss) on disposal of assets / settlement of liabilities			
13	**Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)**		-	-
C	**TOTAL OPERATIONS**			
14	**Profit / (Loss) for the year (11 + 13)**		**1,424,540**	**(43,478,364)**

Statement of Profit & Loss Account for the Year ended 31st March 2016

	Particulars	Note		
15.i	**Earnings per share (of Rs.10/- each):**			
	(a) Basic			
	(i) Continuing operations		0.09	(2.72)
	(ii) Total operations		0.09	(2.72)
	(b) Diluted			
	(i) Continuing operations		0.09	(2.72)
	(ii) Total operations		0.09	(2.72)
15.ii	**Earnings per share (excluding extraordinary items) (of Rs.10/- each):**			
	(a) Basic			
	(i) Continuing operations		0.09	(2.72)
	(ii) Total operations		0.09	(2.72)
	(b) Diluted			
	(i) Continuing operations		0.09	(2.72)
	(ii) Total operations		0.09	(2.72)

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants
Firm's Registration No. 004171S

Rabindra Srikantan
President

CA. B Sudhakar Pai
Partner
Membership No.018187

Place : Bangalore
Date : 11.05.2016

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2016

Particulars	As At 31.03.2016	As At 31.03.2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) after tax & extraordinary items	1,424,540	(43,478,364)
Adjustments for :		
Depreciation	-	-
Profit on sale of fixed asset	-	-
Interest Income	-	-
Finance cost	44,909	5,433
Effect of exchange differences on translation of foreign currency Cash & Cash equivalent	-	-
Operating profit before working Capital changes		
Adjustment for		
Trade payables	(73,081,232)	68,274,174
Trade & other receivables	76,704,183	(21,137,925)
Working capital finance		
Net cash from operating activites - A	**5,092,400**	**3,663,318**
CASH FLOW FROM INVESTING ACTIVITES		
Purchase of Fixed assets	-	-
Investment in Subsidiary	-	-
Proceeds on Disposal of Fixed Asset	-	-
Interest Income	-	-
Net cash from Investing activities - B	**-**	**-**
CASH FLOW FROM FINANCING ACTIVITES		
Long term advance		(11,426)
Finance Cost	(44,909)	(5,433)
Net cash from Finance activities - C	**(44,909)**	**(16,859)**
Effect of exchange differences on translation of foreign currency Cash & Cash equivalent		74,696
Fair value Reserve	(6,562,889)	
Net increase in cash and cash equivalents (A+B+C)	(1,515,398)	3,721,155
Cash & cash equivalents as at 31st March 2016	1,769,380	(2,063,924)
Cash & Cash equivalents as at 31st March 2016	253,982	1,657,231

As per our report of even date
for SUDHAKAR PAI ASSOCIATES
Chartered Accountants
Firm's Registration No. 004171S

Rabindra Srikantan
President

CA. B Sudhakar Pai
Partner
Membership No.018187

Date : 11.05.2016

Auditor's Certificate

We have examined the above cash flow statement of Pinnacle Talent Inc, for the Year ended 31st March, 2016.
The statement is in agreement with the corresponding profit and loss account and balance sheet of the company for the Year ended 31st March 2016.

Place : Bangalore
Date : 11.05.2016

M/s Pinnacle Talent Inc

SCHEDULES TO THE BALANCE SHEET

Particulars	As At 31.03.2016	As At 31.03.2015
SCHEDULE - 1 : SHARE CAPITAL		
Authorised :		
16000000 Equity shares of USD 0.01 each	10,612,800	10,612,800
Issued, Subscribed & Paid up		
16000000 Equity shares of USD 0.01 each	10,612,800	10,612,800
Total	**10,612,800**	**10,612,800**
SCHEDULE - 2 : RESERVES & SURPLUS		
a. Capital reserve		-
Profit on reissue of forfeited shares		-
Share Premium Account		-
b. General Reserve		-
c. Surplus in statement of profit and loss		
(i) Opening Balance	(52,101,689)	(8,623,290)
(ii) Add : Profit for the Year	1,424,540	(43,478,364)
Foreign Currency translation Reserve		-
(iii) Less : Appropriations		
(a) Interim dividends on equity shares		
(b) Proposed final dividend on equity shares		
(c) Dividend on redeemable preference shares		
(d) Tax on dividend		
(e) General reserve		
d. Fair Value Reserve	(6,562,889)	-
Total	(57,240,038)	(52,101,654)
SCHEDULE - 3 : TRADE PAYABLES		
Sundry Creditors	142,033,944	213,935,720
Total	**142,033,944**	**213,935,720**
SCHEDULE - 5 : SHORT TERM PROVISIONS		
Provision for Salary	1,966,964	2,151,470
Provision for Employee Incentives	-	
Provision for Expenses	-	994,950
Provision for Taxation		-
Total	**1,966,964**	**3,146,420**

Pinnacle Talent Inc
SCHEDULES TO BALANCE SHEET

FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As on 01.04.15	Additions	Deletion	As on 31.03.16	As on 01.04.15	For the Year	Deduction/Adjustment	As on 31.03.16	As on 31.03.16	As on 31.03.15
Computers & Software	15,110,216	-	-	15,110,216	15,110,140	-	-	15,110,140	76	76
Office Equipment	42,262	-	-	42,262	42,262	-	-	42,262	-	-
Total	**15,152,478**	**-**	**-**	**15,152,478**	**15,152,403**	**-**	**-**	**15,152,403**	**76**	**76**
Previous Year	**15,152,478**	**-**	**-**	**15,152,478**	**15,152,403**	**-**	**-**	**15,152,403**	**76**	**76**

M/s Pinnacle Talent Inc

SCHEDULES TO THE BALANCE SHEET

Particulars	As At 31.03.2016	As At 31.03.2015
SCHEDULE - 7 : LONG TERM LOANS & ADVANCES		
(a) Security deposits		
Secured, considered good	121,649	121,649
Unsecured, considered good		
Doubtful		
	-	-
Total	121,649	121,649
SCHEDULE - 8 : TRADE RECEIVABLES		
Over Six months		
Unsecured considered good		-
Unsecured considered Doubtful		-
	-	-
Less: Provision for bad debt		
Others		
Unsecured considered good	-	69,454,745
Unsecured considered Doubtful		
	-	69,454,745
Less: Provision for bad debt		
	-	69,454,745
Total	**-**	**69,454,745**
SCHEDULE -9 : CASH AND CASH EQUIVALENTS		
Cash on hand		
Balance with Scheduled banks:		
1. In current account	253,948	1,769,380
2. In deposit account		
(Maturing within 12 months and same is held as margin money deposit against loans)		
	253,948	**1,769,380**
SCHEDULE - 10 : SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered good -advances recoverable in cash or in kind or for the value to be received)		
Advance to Employees	198,990	345,099
Prepaid Expenses	1,906,646	5,070,630
Advance to related parties, considered good	94,892,361	98,831,700
Vendor Advances		-
Total	**96,997,997**	**104,247,429**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Particulars	As At 31.03.2016	As At 31.03.2015
SCHEDULE - 11 : OTHER INCOME		
Miscellaneous Income	2,623,550	1,211
	2,623,550	**1,211**
SCHEDULE - 12 : EMPLOYEE BENEFIT EXPENSES		
Salaries and Incentives	39,419,747	46,180,205
Insurance and Other Benefits	3,255,990	1,918,878
Staff Welfare	-	34,359
Total	**42,675,737**	**48,133,442**
SCHEDULE - 13 : OPERATION AND OTHER EXPENSES		
Travelling and conveyance expenses	2,507,492	3,853,312
Services rendered by business associates and others	-	7,054,249
Communication expenses	1,253,642	1,369,988
Legal and Professional Fee	120,840	15,986
Rent	920,330	1,495,020
Repair and Maintenance	225,237	182,672
Advertisement and Business Promotions	204,286	198,766
Insurance charges	2,882,827	1,787,517
Membership & subscription	219,999	932,025
Printing & stationary	1,255	13,501
Rates & Taxes	100,241	(462,622)
Other Expense		18,904
Total	**8,436,150**	**16,459,319**
SCHEDULE -14: FINANCIAL CHARGES		
Bank charges	44,909	5,433
Total	**44,909**	**5,433**

Notes forming part of the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment.

c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation / amortisation. Costs include all expenses incurred to bring the asset to its present location and condition.

d) Depreciation / Amortisation

Depreciation is provided on straight-line method at the rates specified in schedule II of the Companies Act, 2013. Depreciation for the assets purchased/sold during the year is proportionately charged. Individual assets acquired for less than Rs. 5,000/- are entirely depreciated in the year of acquisition.

e) Leases

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis

f) Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the statement of profit and loss.

g) Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long-term investments, comprising investments in mutual funds are stated at the lower of cost and fair value.

h) Employee benefits

(i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

i) Revenue recognition

Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenue from sale of software licenses are recognised upon delivery where there is no customisation required. In case of customisation the same is recognised over the life of the contract using the proportionate completion method.

Revenue is reported net of discounts.

Dividend is recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

j) Taxation

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company and its Indian subsidiaries will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the assets will fructify.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

k) Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions(excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

l) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

ADVANCED SYNERGIC PTE LTD
(Incorporated in the Republic of Singapore)
(Reg No: 199706310D)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

1. Opinion of the directors

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 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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.

2. Directors

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

RABINDRA SRIKANTAN
VENKATARAMAIYER SIVARAMAKRISHNAN

3. Arrangements to enable directors to acquire shares and debentures

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 object 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.

4. Directors' interest in shares or debenture

According to the Register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year has no interest in the shares or debentures of the Company or its related corporations, except as stated below:

Shares in Ultimate Holding Company

	Share of Rupees 10/- each	
Names of the Director	**At the beginning of the year**	**At the end of the year**
Rabindra Srikantan	**2,102,543**	**2,102,543**

5. Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under options at the end of the financial year.

6. Auditor

MGI N Rajan Associates has expressed its willingness to accept re-appointment as auditor.

The Board of Directors

____
RABINDRA SRIKANTAN
DIRECTOR

____
VENKATARAMAIYER SIVARAMAKRISHNAN
DIRECTOR

DATE: 11.05.2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ADVANCED SYNERGIC PTE LTD
(Incorporated in the Republic of Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of the Advanced Synergic Pte Ltd (the "Company") , which comprise the statement of financial position of the Company as at 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

DATE: 11.05.2016

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 S$	2015 S$
ASSETS			
Non-current assets			
Plant and equipment	**7**	2	2
Investment in subsidiaries	**8**	145,050	10,726,075
Trade and other receivables	**11**	1,240,290	-
		1,385,342	**10,726,077**
Current assets			
Cash and cash equivalents	**10**	423,203	213,062
Trade and other receivables	**11**	3,227,841	674,273
		3,651,044	**887,335**
Total assets		**5,036,386**	**11,613,412**
LIABILITIES			
Current liabilities			
Loans and borrowings	**12**	1,941,662	2,892,259
Trade and other payables	**13**	369,896	211,269
Due to related parties	**14**	1,178,718	1,764,918
Bank overdraft	**15**	19	975,558
Provision for taxation	**16**	135,649	33,792
		3,625,944	**5,877,796**
Non-current liabilities			
Loans and borrowings	**12**	-	2,397,673
		-	**2,397,673**
Total liabilities		**3,625,944**	**8,275,469**
NET ASSETS		**1,410,442**	**3,337,943**
EQUITY			
Share capital	**17**	1,000,000	1,000,000
Reserves		410,442	2,337,943
TOTAL EQUITY		**1,410,442**	**3,337,943**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 S$	2015 S$
Revenue			
Service income		3,193,941	2,180,485
		3,193,941	**2,180,485**
Costs of services			
Staff costs	**4**	1,283,453	1,387,388
Technical consultancy charges		162,590	(31,638)
		1,446,043	**1,355,750**
Gross profit		**1,747,898**	**824,735**
Other income			
Interest income		1,196	617
Miscellaneous income		-	300
Profit on disposal of business	**9**	2,067,187	-
Reversal of Fair value reserve		103,865	-
Write back - provision on impairment allowance		-	837
		3,920,146	**826,489**
Expenses			
Administrative and other operating expenses		(1,564,006)	(315,199)
Loss on sale of investment in a subsidiary	**8**	(3,828,212)	-
Finance costs	**5**	(191,952)	(324,794)
(Loss)/Profit before tax	**6**	**(1,664,024)**	**186,496**
Income Tax expense	**16**	(159,612)	(33,854)
(Loss)/Profit for the year		**(1,823,636)**	**152,642**
Other comprehensive income			
- Fair value reserve		(103,865)	-
Total comprehensive income for the year		**(1,927,501)**	**152,642**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Share capital	Retained profits	Other reserve	Total
	S$	S$	S$	S$
Balance as at 1 April 2014	**1,000,000**	**1,947,802**	**237,499**	**3,185,301**
Total comprehensive income for the year	-	152,642	-	152,642
Balance as at 31 March 2015	**1,000,000**	**2,100,444**	**237,499**	**3,337,943**
Total comprehensive income for the year	-	(1,823,636)	(103,865)	(1,927,501)
Balance as at 31 March 2016	**1,000,000**	**276,808**	**133,634**	**1,410,442**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

ADVANCED SYNERGIC PTE LTD
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 S$	2015 S$
Cash flows from operating activities			
(Loss)/Profit before tax		(1,664,024)	186,496
Adjustments for:			
Interest income		(1,196)	(617)
Reversal of fair value reserve		(103,865)	-
Exchange loss-net		51,210	84,654
Interest expense		148,216	246,481
Loss on sale of investment	8	3,828,212	-
Finance cost-on interest free loan		43,736	78,313
Due from subsidiary written off		980,000	-
Profit on disposal of business	9	(2,067,187)	-
Operating profit before working capital changes		**1,215,102**	**595,327**
Change in working capital:			
Trade and other receivables		(3,784,897)	(249,634)
Due to related parties		(586,200)	1,326,157
Trade and other payables		158,627	(65,632)
Cash (used in)/generated from operations		**(2,997,368)**	**1,606,218**
Income tax paid		(66,716)	(2,684)
Net cash flows (used in)/ from operating activities		**(3,064,084)**	**1,603,534**
Cash flows from investing activities			
Interest income		1,196	617
Proceeds from disposal of investment in subsidiary and business	8	8,820,000	-
Loan to subsidiary		(980,000)	-
Net cash flows from provided by investing activities		**7,841,196**	**617**
Cash flows from financing activities			
Increase/(decrease) in bank overdraft		(975,539)	183,069
Repayment of borrowings		(3,392,006)	(1,450,176)
Exchange loss		(51,210)	(84,654)
Fixed deposits		209,897	(5,662)
Interest paid		(148,216)	(246,481)
Net cash flows (used in) financing activities		**(4,357,074)**	**(1,603,904)**
Net increase in cash and cash equivalents		420,038	247
Cash and cash equivalents at beginning of the year		3,165	2,918
Cash and cash equivalents at end of the year		**423,203**	**3,165**
Cash and cash equivalents are comprise of			
Cash at bank		423,203	213,062
Less: Fixed deposit		-	(209,897)
		423,203	**3,165**

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

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

1. GENERAL INFORMATION

The Company is incorporated as a limited liability Company and domiciled in the Republic of Singapore.

The Company's registered office & principal place of business is located at 30, Toh Guan Road, # 08-3A, Singapore – 608840.

The principal activities of the Company are to carry on the business of developing software and provide services according to the requirements of the clients.

There have been no changes in these activities of the business during the year.

The immediate and ultimate holding company is **ASM TECHNOLOGIES LTD**., incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The company has assessed that there are no estimates or judgments used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Adoption of new and revised standards – In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2015. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.2 Revenue recognition

Revenue from interest on fixed deposit is recognised on effective interest method.
Revenue from services rendered is recognised on percentage completion method.

2.3 Income taxes

Current income tax is recognised at the amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax liabilities are recognised for all taxable temporary differences unless the deferred tax liability arises from the initial recognition of an asset or liability and affects neither the accounting profit nor taxable profit or loss.

The statutory tax rates enacted at the statement of financial position date are used to determine current and deferred income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contd…

2.4 Plant & equipment and depreciation

All items of Plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off plant and equipment over their useful lives. The estimated useful lives are as follows:-

Computers & accessories	1 year
Telephone Equipment	3 years

Repairs and maintenance are taken to the profit and loss account during the financial period in which they are incurred. Interest on borrowings to finance the property, plant and equipment is 10apitalized during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed. Full depreciation is provided in the year of the purchase and no depreciation is provided in the year of disposal.

2.5 Impairment of non financial asset

Plant and equipment

The carrying amounts of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at revalue amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if and only if, there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalue amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalue asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contd…

2.6 Subsidiaries

Subsidiaries are entities over which the company has power to govern the financial and economic policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investments in the subsidiaries are stated in the financial statements of the Company at cost less impairments losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The subsidiaries' results have not been consolidated as the company is itself a wholly owned subsidiary of another company **ASM TECHNOLOGIES LTD.,** which publishes the consolidated financial statements.

2.7 Financial Assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortized cost using the effective interest method.

Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a company of financial assets is impaired.

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of allowance 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 amount of the allowance for impairment is recognised in the income statement within "Administrative expenses".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contd…

2.8 Financial liabilities

Financial liabilities include trade and other payables. Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortization process. The liabilities are de-recognised when the obligation under the liability is discharged or cancelled or expired.

2.9 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 a reliable estimate can be made of the amount of the obligation.

2.10 Cash and Cash equivalents

Cash and cash equivalents are stated at cost in the Statement of financial position. Cash and cash equivalents comprise of cash on hand, cash at bank and Fixed deposits in bank.

2.11 Functional Currency and currency translations

Functional currency

The financial statements are prepared in Singapore dollars, which is also the functional currency of the Company.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at statement of financial position date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

2.12 Employee benefits

i) Defined contribution plans

The company contributes to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Company's contributions to CPF are charged to the profit and loss account in the period to which the contributions relate.

(ii) Employee leave entitlements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contd…

2.13 Related party

A party is considered to be related to the Company if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or 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 a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.14 Borrowings

All loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the statement of financial position date are presented as current borrowings even though the original term was for a period longer than12 months and an arrangement to refinance, or reschedule payments, on a long term basis is completed after the statement of financial position date and before the financial statements are authorized for issue. Other borrowings due to be settled more than 12 months after the statement of financial position date are presented as non- current borrowings in the statement of financial position. Trade and other payables and interest bearing borrowings are stated at cost. Interest bearing borrowings are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest – bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit & loss account over the period of the borrowings on effective interest basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES contd…

2.15 Borrowing cost

Borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

2.16 Leases

Finance leases

Leases of property, plant and equipment where the company assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance lease are recognized on the statement of financial position as property, plant and equipment and borrowings respectively at the inception of the leases at the lower of fair values of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognized in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining finance liability

Operating leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are taken to the income statement on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the financial year in which termination taken place.

2.17 Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2.18 Unbilled Receivables

Unbilled Receivables are stated based on revenue recognised using the percentage completion method for uncompleted projects. Costs include sub-contractor fees and salaries directly attributable to project activities. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Allowance for trade and other receivables

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2016 were $4,468,131 (2015: $674,273).

4. STAFF COSTS

	2016	**2015**
	S$	**S$**
Staff salaries & bonus	1,171,994	1,268,399
Staff allowance	26,439	18,239
Employer Central Provident Fund	63,984	73,884
Others	21,036	26,866
	1,283,453	**1,387,388**

5. FINANCE COSTS

	2016	**2015**
	S$	**S$**
Interest on term loan and overdraft	148,216	246,481
Notional interest to related parties on loan	43,736	78,313
	191,952	**324,794**

6. (LOSS)/PROFIT BEFORE TAX

This is arrived after charging

	2016	2015
Exchange loss(net)	51,210	84,654
Rent	20,205	20,088
Due from subsidiary written off	980,000	5,306

7. PLANT & EQUIPMENT

2016	**Computers & accessories**	**Office Equipment**	**Total**
At cost	**S$**	**S$**	**S$**
At beginning of the year	87,595	2,062	89,657
Additions	-	-	-
At end of year	**87,595**	**2,062**	**89,657**
Accumulated depreciation			
At beginning of the year	87,594	2,061	89,655
Charge for the year	-	-	-
At end of year	**87,594**	**2,061**	**89,655**
Net book value			
At 31.3.2016	**1**	**1**	**2**

2015	**Computers & accessories**	**Office Equipment**	**Total**
At cost	**S$**	**S$**	**S$**
At beginning of the year	87,595	2,062	89,657
Additions	-	-	-
At end of year	**87,595**	**2,062**	**89,657**
Accumulated depreciation	**S$**	**S$**	**S$**
At beginning of the year	87,594	2,061	89,655
Charge for the year	-	-	-
At end of year	**87,594**	**2,061**	**89,655**
Net book value			
At 31.3.2015	**1**	**1**	**2**

8. INVESTMENT IN SUBSIDIARIES

	2016	2015
	S$	S$
Unquoted shares at cost	145,050	10,726,075
	145,050	**10,726,075**

Particulars of the Subsidiary are as follows:

Subsidiary	Principal Activities	Country of Incorporation	Effective Percentage of equity held		Cost of Investment	
			2016	2015	2016	2015
			%	%	S$	S$
ESR Associates,Inc	Software consulting	United States of America	100	100	145,050	145,050
Abacus Business Solutions Inc	Software Consulting	United States of America	-	100	-	10,581,025
					145,050	**10,726,075**

Subsidiaries accounts are unaudited as there is no requirement in the country of incorporation.

During the year, the Company disposed of its investment in Abacus Business Solutions for a consideration of S$ 6,752,813.

	S$
Carrying value of subsidiary	10,581,025
Less: Sale proceeds	(6,752,813)
Loss on disposal of investment in subsidiary	**3,828,212**

9. PROFIT ON SALE OF BUSINESS

During the year the Company has sold segment of its business (Enterprise Application Solution) to Alten Calsoft Labs (Singapore) Pte. Ltd which included transfer of employees and future contracts for a price of S$ 2,067,187 (US$ 1,500,000) which resulted in a profit of the S$ 2,067,187. As there was no value assigned for this sale in Company's assets total proceeds has been recorded as profits.

10. CASH AND CASH EQUIVALENTS

	2016	2015
	S$	S$
Cash at bank	423,203	3,165
Fixed Deposits *	-	209,897
	423,203	**213,062**

* The fixed deposits has been closed during March 2016. Interest income is recognized at effective interest rate of 0.6% to 0.7%.(2015: 0.6 to 0.7%)

10. CASH AND CASH EQUIVALENTS CONT'D…

Cash and cash equivalents are denominated the following currencies

	2016	2015
	S$	S$
United States dollars	65,293	65,699
Singapore dollars	357,910	147,363
	423,203	**213,062**

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	S$	S$
Trade Receivables		
Due from subsidiaries*	-	478,153
Non-related parties	243,294	160,341
Unbilled receivables	13,433	24,119
	256,727	**662,613**
Other Receivables (current)		
Advance tax	8,962	-
Deposits	1,552	7,410
Other debtor –amount due from sale of a subsidiary	2,737,371	-
Other debtor	195,538	-
Prepaid expenses	14,191	3,250
Staff advances	4,500	1,000
Travel advances	9,000	-
	3,227,841	**674,273**
Other Receivables (non -current)		
Other debtor –amount due from sale of a subsidiary (retained until August, 2017)	1,240,290	-
	4,468,131	**674,273**

*This represents trade dues, interest free, unsecured at arm's length transactions.

<u>Receivables that are past due but not impaired</u>

The Company has trade receivables amounting to **S$ NIL (2015: S$ 43,397)** that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their aging at the statement of financial position date is as follows:-

Trade receivables past due:	2016	2015
	S$	S$
0 - 30 days	-	43,093
60-180 days	-	304
	-	**43,397**

11. TRADE AND OTHER RECEIVABLES CONT'D…

Trade and other receivables are denominated in the following currencies

	2016	2015
	S$	S$
United States dollars	4,222,722	478,153
Singapore dollars	245,409	196,120
	4,468,131	**674,273**

12. LOANS AND BORROWINGS

	2016	2015
Term Loan	S$	S$
Financial institution*	-	2,007,371
Subsidiary**	-	1,420,910
Related party **	1,941,662	1,861,651
	1,941,662	**5,289,932**
Due within 12 months	1,941,662	2,892,259
Due beyond 12 months	-	2,397,673
	1,941,662	**5,289,932**
Fair value reserve on interest free loan	**133,634**	**237,499**

* The term loans were repaid fully during the year. The term loan (included bank overdraft) was secured by pledge of fixed deposits of the Company, personal guarantee of a director, corporate guarantees from holding and related companies, pledge of shares of a subsidiary, mortgage of plant and equipment of the holding company and debenture charges of Company's current assets.

** These are unsecured, interest free and are repayable within 12 months. The loan from subsidiary has been fully repaid during the financial year. During the financial year notional interest of S$ 43,736/- (2015: S$ 78,313) is included in finance cost.

Interest bearing loans and borrowings are denominated in the following currencies

	2016	2015
	S$	S$
United States dollars	1,941,662	3,282,561
Singapore dollars	-	2,007,371
	1,941,662	**5,289,932**

13. TRADE AND OTHER PAYABLES

	2016	2015
Trade payables	**S$**	**S$**
GST Payable	29,481	20,434
	29,481	**20,434**
Other Payables		
Other creditors	184,944	79,308
Salaries payable	128,180	95,357
Accrued liabilities	27,291	16,170
	369,896	**211,269**

14. DUE TO RELATED PARTIES

Represents net amount due to the Holding Company and a related Company for trade and non-trade purposes, interest free, unsecured, and arm's length transactions on trade dues and have no fixed repayment terms.

	2016	2015
	S$	**S$**
Due to Holding company (Trade)	-	281,273
Due to Holding company (Non-trade)	1,073,591	1,377,200
Due to a related Company (trade)	105,127	106,445
Net Due to Related parties	**1,178,718**	**1,764,918**

The above related parties payables are denominated in United States Dollars.

15. BANK OVERDRAFT

This is secured along with term loan by the securities mentioned in note 12 and carries interest at 7.00% (2015: 7.00%) per annum.

16. TAX EXPENSE

Current year's income tax expense	**2016**	**2015**
	S$	**S$**
Current year's provision	135,649	15,835
Under/(over) provision of prior year	23,963	18,019
	159,612	**33,854**

16. TAX EXPENSE CONT'D…

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's (loss)/profit as a result of the following:

	2016	2015
	S$	S$
Profit before taxation	**(1,664,024)**	**186,496**
Tax @ statutory rate of 17% (2015:@17%)	(282,884)	31,704
Tax on disallowable/ (non-taxable's)	833,537	14,391
Income not subject to tax	(369,079)	-
Tax effect on exemption	(25,925)	(23,473)
Under/(over) provision	23,963	18,019
Tax rebate	(20,000)	(6,787)
	159,612	**33,854**

Movement in taxation	**2016**	**2015**
	S$	S$
Balance brought forward	33,792	2,622
Tax (paid) during the year	(66,717)	(2,684)
	(32,925)	(62)
Under/(over provision) in prior years	23,963	18,019
Current year provision	135,649	15,835
Refund to be receivable from IRAS	8,962	-
	135,649	**33,792**

17. SHARE CAPITAL

The Company's share capital comprise fully paid-up 1,000,000 (2015: 1,000,000) ordinary shares with no par value, amounting to a total of S$1,000,000/- (2015: S$1,000,000/-).

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 with no par value.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The Board of Director's monitors its capital based on gearing ratio. Gearing ratio is computed as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The Company is not subject to any externally imposed capital requirements.

	2016	2015
	S$	S$
Net debt	3,067,092	8,028,615
Total equity	1,410,442	3,337,943
Total capital	**4,477,534**	**11,366,558**
Gearing ratio	**0.68 times**	**0.70 times**

18. OTHER RESERVE

This pertains to notional interest on loan from related party accounted as per effective interest rate method earlier, settled and paid in full during the year.

19. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The company's exposures to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company transacted in foreign currencies including United States Dollars.

The Company's exposure to foreign currency risk is as follows:
US$ accounts

	2016	**2015**
Assets	**S$**	**S$**
Cash at bank	65,293	3,165
Fixed Deposit	-	62,534
Trade and other receivables	4,222,722	478,153
	4,288,015	**543,852**
Liabilities – Due to holding company	(1,073,591)	1,658,473
Due to related parties	(105,127)	106,445
Interest bearing loans and borrowings	(1,941,662)	3,282,561
Net Assets/ (Liabilities)	**1,167,635**	**(4,503,627)**

Sensitivity analysis for foreign currency risk

	2016	**2015**
	S$	**S$**
USD	**Profit/(loss) net of tax**	**Profit/(loss) net of tax**
Strengthened 5% (2015:5%)	48,457	(186,900)
Weakened 5% (2015:5%)	(48,457)	186,900

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has interest-bearing financial instruments; hence, it is exposed to movements in market interest rates. The interest rates are disclosed in the respective notes. At 31 March 2016, if the SGD interest rates had increased/decreased by 1% with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by S$ Nil(2015: S$ 16,661/-) as a result of higher/lower interest expense on these borrowings.

19. FINANCIAL RISK MANAGEMENT CONT'D…

a) Price risk

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company has no significant concentration of credit risk other than those balances with other debtors. The Company has credit policies and procedures in place to minimize and mitigate its credit risk exposure.

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

Cash is held with financial institutions of good standing/ established financial institutions/ reputable financial institutions.

c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company has credit facilities with a bank and any short fall in the working capital funds will be funded by Holding Company.

The table below analyses the maturity profile of the Company's financial liabilities.

2016	Less than 1 year S$	Between 1 & 2 years S$	Between 2 & 5 years S$
Trade and other creditors and related parties	1,548,614	-	-
Borrowings	1,941,662	-	-
Bank overdraft	19	-	-
	3,490,295	**-**	**-**

2015	Less than 1 year S$	Between 1 & 2 years S$	Between 2 & 5 years S$
Trade and other creditors and related parties	1,976,187	-	-
Borrowings	2,892,259	2,397,673	-
Bank overdraft	975,558	-	-
	5,844,004	**2,397,673**	**-**

19. FINANCIAL RISK MANAGEMENT CONT'D…

d) Fair value instruments by category

	2016	2015
	S$	S$
Loans and receivables	4,877,143	884,085
Financial liabilities at amortized cost	3,460,814	8,221,243

20. RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the company and related parties took place during the year at terms agreed between the parties:

		Amount of transaction	
Nature of transaction	**Nature of Relationship**	**2016**	**2015**
		S$	**S$**
Sale of services	Subsidiaries	1,475,792	718,145
Sale of services	Holding company	336,072	-
Cost of services	Holding company	-	10,570

Outstanding related party balances at 31 March 2016 arising from sale/purchase of services, is unsecured and receivable/payable within 12 months from statement of financial position date.

21. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the statement of financial position approximate to their fair values due to the short-term nature of these balances.

22. OPERATING LEASE COMMITMENTS

At the statement of financial position date, the company was committed to making the following office rental payments under operating lease for the enclosed space:-

	2016	2015
	S$	S$
Not later than one year	4,134	10,044

23. NEW OR REVISED STANDARDS AND INTERPRETATIONS

The Company has not applied the following new/revised FRS or interpretations which are relevant to the Company that have been issued as of the statement of financial position date but not yet effective:

Description	**Annual periods commencing on**
FRS 27:Equtiy Method in Separate Financial statements	1 January 2016
FRS 16 and FRS 38:Classification of acceptable methods of Depreciation and Amortisation	1 January 2016
FRS 115:Revenue from contracts with customers	1 January 2018
FRS 105 Non-current Assets Held for Sale and Discounted Operations	1 January 2016
FRS 107 Financial instruments: Disclosures	1 January 2016
Amendment to FRS 19 Employee benefits	1 January 2016
FRS 109 Financial Instruments	1 January 2018

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company.

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ADVANCED SYNERGIC PTE LTD
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(This does not part form of audited financial statements)

DETAILED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	2016 S$	2015 S$
Revenue		
Sale of service	3,193,941	2,180,485
	3,193,941	**2,180,485**
Cost of service		
Accommodation expenses	-	13,317
CPF contribution	63,984	73,884
Project allowance	26,439	18,239
Reimbursement expenses	5,868	12,027
Special allowances	14,379	-
Staff welfare expenses	789	1,522
Staff salaries	1,171,994	1,268,399
Technical consultancy charges	162,590	(31,638)
Total cost of sales	**1,446,043**	**1,355,750**
Gross profit	**1,747,898**	**824,735**
Other income		
Write back - impairment allowance	-	837
Interest on fixed deposits	1,196	617
Miscellaneous income	-	300
Reversal of fair value reserve	103,865	-
Profit on disposal of business	2,067,187	-
	2,172,248	**1,754**
	3,920,146	**826,489**
Expenses		
Audit fee	10,500	8,876
Bank charges	1,180	1,818
Due from subsidiary written off	980,000	5,306
CPF administrator & late payment charges	-	5,282
Postage and courier charges	25	375
EP processing charges	360	4,860
Exchange loss non trade	51,210	84,654
Hire charges	1,680	-
Insurance paid	1,984	9,905
Local conveyance	1,441	3,566
Miscellaneous expenses	763	-
Office maintenance	5,008	2,008
Late fee, penalty & interest	-	1,259
Printing & stationery	-	73
Professional fee	469,124	151,080
Rates & taxes	-	(173)
Rent	20,205	20,088
Repair and maintenance	1,100	-
Subscription & membership charges	400	-
Telephone charges	6,553	13,778
Travelling charges	9,048	-
Utilities	955	2,444
Visa charges	2,470	-
Loss on sale of investment	3,828,212	-
	5,392,218	**315,199**
Finance cost		
Interest paid	148,216	246,481
Interest to related parties	43,736	78,313
	191,952	**324,794**
Total expenses	**5,584,170**	**639,993**
Net profit for the year	**(1,664,024)**	**186,496**