Financial statements

Mortice Limited and its subsidiaries

31 March 2015

Company information

Company registration number	200800770W
Registered office	38 Beach Road, #29-11 South Beach Tower, Singapore - 189767
Directors	Manjit Rajain (Executive Chairman) Dr. Keith Hellawell QPM (Independent director) Rakesh Kumar Aggarwal (Independent director)
Share Registrar	Computershare Investor Services (Jersey) Ltd Queensway House Hilgrove Street St Helier JE1 1ES Jersey
Secretary	Cheng Lisa
Audit Committee	Rakesh Kumar Aggarwal (Chairman) Dr. Keith Hellawell QPM Manjit Rajain
Remuneration Committee	Dr. Keith Hellawell QPM (Chairman) Rakesh Kumar Aggarwal Manjit Rajain
Banker	State Bank of India, Singapore
Independent auditor	Foo Kon Tan LLP Chartered Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce & Industry Building Singapore 179365

Mortice Limited
and its subsidiaries
For the financial year ended 31 March 2015

Contents

Directors' report
for the financial year ended 31 March 2015

The directors present this report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 and the statement of financial position of the Company as at 31 March 2015.

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

Manjit Rajain

Dr. Keith Hellawell QPM

Rakesh Kumar Aggarwal

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 object was 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.

Directors' interest in shares or debentures
According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

		Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
Name of director	Name of company in which shares are held	As at 1.4.2014	**As at 31.3.2015**	As at 1.4.2014	**As at 31.3.2015**
		Number of ordinary shares			
Manjit Rajain	The Company - Mortice Limited	1	**1**	-	**-**
	The holding company - Mancom Holdings Limited	-	**-**	40,000,000	**40,000,000**
	The subsidiaries - Tenon Property Services Private Limited	5,000	**5,000**	-	**-**
	Roto Power Projects Private Limited	10	**10**	-	**-**
	Soteria Command Center Private Limited	1	**1**	-	**-**

Directors' interest in shares or debentures (cont'd)

Mr Manjit Rajain, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of Mortice Limited and Mancom Holdings Limited, and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	As at 1.4.2014	**As at 31.3.2015**
	Number of ordinary shares	
Tenon Property Services Private Limited	5,000	**5,000**
Roto Power Projects Private Limited	10	**10**

Directors' contractual benefits

Since the end of the previous financial year, no director has received or has 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, except as disclosed in the accompanying financial statements and as follows:

Directors	Annual remuneration	
	2015	2014
	US$	US$
Manjit Rajain	**409,903**	389,817
Dr Keith Hellawell QPM	**24,631**	24,050
Arun Duggal (resigned on 5 April 2013)	**-**	255
Rakesh Kumar Aggarwal	**24,315**	24,005

Share option scheme

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The audit committee at the end of the financial year comprises the following members:

Rakesh Kumar Aggarwal (Chairman)
Dr. Keith Hellawell QPM (Independent Director)
Manjit Rajain (Director)

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50. In performing those functions, the Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

Audit committee (cont'd)

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the bi-annually financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2015 as well as the auditor's report thereon; and

(iv) effectiveness of the Company's material internal controls via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions.

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
MANJIT RAJAIN

....
RAKESH KUMAR AGGARWAL

Dated:

Statement by directors
for the financial year ended 31 March 2015

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date and at the date of this statement, as discussed in Note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

....
MANJIT RAJAIN

....
RAKESH KUMAR AGGARWAL

Dated:

Independent auditor's report to the members of Mortice Limited

Report on the financial statements

We have audited the accompanying financial statements of Mortice Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2015, and the consolidated 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 International Financial Reporting Standards as adopted by the European Union, 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 International 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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards as adopted by the European Union so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Independent auditor's report
to the members of Mortice Limited

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.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,

Statements of financial position
as at 31 March 2015

	Note	The Group 2015 US$	The Group 2014 US$	The Company 2015 US$	The Company 2014 US$
ASSETS					
Non-Current Assets					
Goodwill	3	**811,079**	844,697	**-**	-
Other intangible assets	4	**266,710**	51,937	**-**	-
Property, plant and equipment	5	**2,014,050**	1,589,927	**-**	-
Investment in subsidiaries	6	**-**	-	**7,675,465**	7,675,465
Long-term financial assets	7	**-**	1,968,247	**-**	-
Deferred tax assets	8	**1,901,826**	1,532,578	**-**	-
Other non-current assets	9	**212,508**	179,644	**-**	-
		5,206,173	6,167,030	**7,675,465**	7,675,465
Current Assets					
Short-term financial assets	7	**1,066,390**	**-**	**-**	-
Inventories	10	**195,526**	153,034	**-**	-
Trade and other receivables	11	**24,127,503**	21,585,360	**6,425**	7,296
Current tax assets		**2,156,476**	1,677,934	**-**	-
Cash and cash equivalents	12	**539,204**	1,064,942	**59,541**	47,731
		28,085,099	24,481,270	**65,966**	55,027
Total assets		**33,291,272**	30,648,300	**7,741,431**	7,730,492
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**9,555,312**	9,555,312	**9,555,312**	9,555,312
Reserves	14	**963,209**	(12,138)	**(2,320,437)**	(2,242,241)
Equity attributable to owner of parent		**10,518,521**	9,543,174	**7,234,875**	7,313,071
Non-controlling interests		**29,121**	22,927	**-**	-
Total equity		**10,547,642**	9,566,101	**7,234,875**	7,313,071
Non-current Liabilities					
Employee benefit obligations	15	**1,381,446**	943,786	**-**	-
Borrowings	16	**364,179**	405,850	**-**	-
		1,745,625	1,349,636	**-**	-
Current Liabilities					
Trade and other payables	17	**13,901,054**	11,622,808	**506,556**	417,421
Borrowings	16	**7,096,951**	8,109,755	**-**	-
		20,998,005	19,732,563	**506,556**	417,421
Total liabilities		**22,743,630**	21,082,199	**506,556**	417,421
Total equity and liabilities		**33,291,272**	30,648,300	**7,741,431**	7,730,492

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

Consolidated statement of profit or loss and other comprehensive income

for the financial year ended 31 March 2015

	Note	2015 US$	2014 US$
Income			
Service revenue	18(a)	**88,066,142**	74,068,871
Other income	18(b)	**301,867**	270,285
Total income		**88,368,009**	74,339,156
Expenses			
Staff and related costs	15.3	**79,165,444**	65,738,973
Materials consumed	10	**870,044**	938,458
Other operating expenses	18(c)	**4,197,489**	4,212,949
Depreciation and amortisation		**554,539**	459,570
Finance costs	19	**1,359,426**	1,143,434
Total expenses		**86,146,942**	72,493,384
Profit before taxation		**2,221,067**	1,845,772
Taxation	20	**(853,504)**	(726,164)
Profit for the year		**1,367,563**	1,119,608
Other comprehensive income net of tax:			
- Items that will not be reclassified subsequently to profit or loss			
Re-measurement in net defined benefit liability	15.1	**44,708**	34,699
- Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(430,730)**	(911,747)
Total comprehensive income for the year		**981,541**	242,560
Profit attributable to:			
- Owners of the parent		**1,358,949**	1,112,580
- Non-controlling interests		**8,614**	7,028
		1,367,563	1,119,608
Total comprehensive income attributable to:			
- Owners of the parent		**975,347**	241,137
- Non-controlling interests		**6,194**	1,423
		981,541	242,560
Earnings per share			
Basic and diluted	21	**0.03**	0.02

Consolidated statement of changes in equity
for the financial year ended 31 March 2015

	Share capital US$	Exchange translation reserve US$	Retained earnings US$	Total attributable to owners of the parent US$	Non-controlling interests US$	Total equity US$
Balance at 1 April 2013	9,555,312	(1,859,859)	1,606,584	9,302,037	21,504	9,323,541
Profit for the year	-	-	1,112,580	1,112,580	7,028	1,119,608
Other comprehensive income						
- Exchange differences on translating foreign operations	-	(905,929)	-	(905,929)	(5,818)	(911,747)
- Re-measurement of net defined benefit liability			34,486	34,486	213	34,699
Total comprehensive income	-	(905,929)	1,147,066	241,137	1,423	242,560
Balance at 31 March 2014	9,555,312	(2,765,788)	2,753,650	9,543,174	22,927	9,566,101
Balance at 1 April 2014	**9,555,312**	**(2,765,788)**	**2,753,650**	**9,543,174**	**22,927**	**9,566,101**
Profit for the year	**-**	**-**	**1,358,949**	**1,358,949**	**8,614**	**1,367,563**
Other comprehensive income						
- Exchange differences on translating foreign operations	**-**	**(428,016)**	**-**	**(428,016)**	**(2,714)**	**(430,730)**
- Re-measurement of net defined benefit liability	-	-	**44,414**	**44,414**	**294**	**44,708**
Total comprehensive income	-	**(428,016)**	**1,403,363**	**975,347**	**6,194**	**981,541**
Balance at 31 March 2015	**9,555,312**	**(3,193,804)**	**4,157,013**	**10,518,521**	**29,121**	**10,547,642**

Consolidated statement of cash flows
for the financial year ended 31 March 2015

	Note	**2015 US$**	2014 US$
Cash flows from operating activities			
Profit before taxation		**2,221,067**	1,845,772
Adjustments for:			
Depreciation and amortisation		**554,539**	459,570
Interest expense	19	**1,359,426**	1,143,434
Interest income	18(b)	**(72,536)**	(149,386)
(Gain)/loss on disposal of property, plant and equipment		**(7,041)**	19,171
Impairment of trade receivables	11	**238,743**	470,161
Foreign exchange gain		**(11,301)**	(32,401)
Bad debts written off - trade		**23,930**	56,986
Operating profit before working capital changes		**4,306,827**	3,813,307
Increase in inventories		**(49,730)**	(9,595)
Increase in trade and other receivables		**(3,714,020)**	(5,318,531)
Increase in trade and other payables		**3,417,218**	2,886,313
Cash generated from operations		**3,960,295**	1,371,494
Income taxes paid		**(1,878,246)**	(1,799,299)
Interest paid		**(1,364,095)**	(1,217,715)
Net cash generated from/(used in) operating activities		**717,954**	(1,645,520)
Cash flows from investing activities			
Acquisition of other intangible assets	4	**(231,547)**	-
Acquisition of property, plant and equipment	5	**(897,446)**	(677,197)
Deposit for purchase of property		**(40,959)**	(178,466)
Advances to/(repayment by) related parties		**(64,310)**	65,481
Proceeds from disposal of property, plant and equipment		**7,392**	19,158
Interest received		**99,895**	240,325
Net cash used in investing activities		**(1,126,975)**	(530,699)
Cash flows from financing activities			
Repayment of finance lease obligations		**(185,813)**	(120,660)
Movement in pledged fixed deposits		**788,255**	(862,454)
(Repayment of)/proceeds from short-term demand loans from banks		**(136,575)**	1,923,280
(Repayment of)/proceeds from other bank borrowings		**(556,795)**	1,055,050
Net cash (used in)/generated from financing activities		**(90,928)**	1,995,216
Net decrease in cash and cash equivalents		**(499,949)**	(181,003)
Cash and cash equivalents at beginning		**1,064,942**	1,375,209
Exchange differences on translation		**(25,789)**	(129,264)
Cash and cash equivalents at end	12	**539,204**	1,064,942

NOTE:

Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$ 1,044,164 (2014 – US$ 968,826) of which US$ 146,718 (2014 – US$ 291,629) was acquired by means of finance leases. Cash payments of US$ 897,446 (2014 - US$ 677,197) were made to purchase property, plant and equipment.

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

Notes to the financial statements
for the financial year ended 31 March 2015

1 General Information

Mortice Limited ('the Company' or 'Mortice') was incorporated on 9 January 2008 as a public limited company in Singapore. The Company's registered office is situated at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767.

The financial statements of the Company and of the Group for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange since 15 May 2008. The principal activities of the Company consist of investment holding. The Group's operations are spread across India and Sri Lanka. The various entities comprising the Group and the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The immediate and ultimate holding company is Mancom Holdings Limited, a company incorporated in British Virgin Islands.

2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition to the presentation requirements prescribed under IFRS, the consolidated financial statements also includes information on the standalone statement of financial position of the Company as required by the Singapore Companies Act, Cap. 50 in order for the financial statements to show a true and fair view. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars which is the Company's functional currency. All the financial information is presented in United States Dollars ("US$"), unless otherwise stated.

Significant accounting estimates and judgements
The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Significant judgements in applying accounting policies
Income tax (Note 20)
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is required in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies (cont'd)
Income tax (Note 20) (cont'd)
The Group's income tax expense is based on the income and statutory tax rate imposed in the tax jurisdictions in which the subsidiaries conduct operations.

Deferred tax assets (Note 8)
The Group recognises deferred tax assets on carried forward tax losses to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income and that the Group is able to satisfy the continuing ownership test. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The tax rules in India, Sri Lanka and Singapore, in which, the Group operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

During the year, the Group recognised shareholdings of certain group entities, for which a deferred tax asset amounting to US$ 1,901,826 was recognised based on the anticipated future use of deferred tax asset carried forward by those entities. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax asset will have to be written off as income tax expense.

Going concern
The financial statements have been prepared on a going concern basis notwithstanding the Company's current liabilities exceeded the current assets by $440,590 (2014 - $362,394 because the Company has a total assets of $7,741,431 (2014 - $7,730,492) as at 31 March 2015. The Company manages the liquidity risk by ensuring there are sufficient cash to meet all their normal operating commitments in a timely and cost-effective manner. In addition, the Company can called upon its subsidiaries for additional fundings via dividend payout.

Critical accounting estimates and assumptions used in applying accounting policies

Impairment tests for cash-generating units containing goodwill (Note 3)
Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segments as follows:

	2015	2014
	US$	US$
Mechanical and engineering maintenance services		
- Roto Power Projects Private Limited	**811,079**	844,697

2(a) Basis of preparation (cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Impairment tests for cash-generating units containing goodwill (Note 3)
The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimate rates stated below:

	Mechanical and engineering maintenance services
	Roto Power Projects Private Limited
	%
Net margin	**3%-8%**
Growth rate	**5%**
Discount rate	**21.5%**

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

These assumptions have been used for the analysis of the CGU. Management determines the budgeted gross margin based on past performance and its expectations for market developments. The weighted average growth rates used were consistent with industry reports. The discount rates used pre-tax and reflect specific risks relating to the relevant segments.

If the discount rate increased by 1 basis point from management's estimates, the impairment loss will be an estimated US$7,454 (2014 – US$Nil) higher. If the growth rate decreased by 5 basis point from management's estimates, the impairment loss will be an estimated US$171,714 (2014 – US$Nil) higher.

If the future growth margin decreased by 1 basis point from management's estimates, the impairment loss will be an estimated US$79,973 (2014 – US$Nil) higher. A decrease in the growth margin by 0.5 basis point or a decrease in the growth rate by 1.5 basis point would result in the recoverable amount of the CGU to equal to its carrying amount.

The carrying amount as at 31 March 2015 was disclosed in Note 3 to the financial statements.

Depreciation of property, plant and equipment (Note 5)
Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 5 years. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 is US$2,014,050 (2014 – US$1,589,927). Changes in the expected level of usage and technological developments could impact the economic lives and residual value of these assets, therefore depreciation charges could be revised. If depreciation on property, plant and equipment increases/decreases by 10% from management, the Group's profit for the year will decrease/increase by approximately US$54,495 (2014 – US$44,581).

2(a) Basis of preparation (cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Impairment in investment in subsidiaries (Note 6)
Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates. If present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by US$3,278 (2014 – U$3,278). The carrying amount of the investment in subsidiaries is disclosed in Note 6 to the financial statements.

Impairment of trade and other receivables (Note 11)
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade and other receivables at the end of the reporting period is disclosed in Note 11 to the financial statements. If the present values of estimated cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by US$ 19,605 (2014 - increase by US$ 40,690).

Valuation of gratuity benefits and long term compensated absences (Note 15)
The present value of the post-employment gratuity benefits and long term compensated absences depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity benefits and long term compensated absences include the standard rates of inflation and salary increase. Any changes in these assumptions will impact the carrying amount of gratuity benefits and long term compensated absences.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity benefits and long term compensated absences. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related gratuity benefits.

Please refer to Note 15 for details on actuarial assumptions used to estimate the Group's defined benefit obligations and the sensitivity analysis of the assumptions. The carrying amount as at 31 March 2015 was disclosed in Note 15 to the financial statements.

2(b) Interpretations and amendments to published standards effective in 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 April 2014. Information on these new standards is presented below.

IFRS 10 Consolidated Financial Statements
IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accountingfor changes in non-controlling interests and accounting for loss of control of a subsidiaryare unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any ofthe Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 Joint Arrangements
"Joint Arrangements" ("IFRS 11"), which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Ventures", requires a single method, known as the equity method, to account for interests in joint operations and joint ventures. The proportionate consolidation method to account for joint ventures is no longer permitted to be used. IAS 28, "Investments in Associates", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment. (The Group has not entered into any joint arrangements, hence this is not applicable.)

IFRS 12 Disclosure of interest in other entitites
"Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Note 6 illustrate the application of IFRS 12 in the current year.

Offsetting financial assets and financial liabilities (Amendments to IAS 32)
The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect.

2(b) Interpretations and amendments to published standards effective in 2014 (cont'd)

New and revised standards that are effective for annual periods beginning on or after 1 April 2014 (cont'd)

Recoverable amount disclosures for non-financial assets (Amendments to IAS 36)
These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptionsmade.
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

Management has noted that, in current year, no impairment loss has been recognised or reversed on any non-financial asset in terms of IAS-36, hence this amendment does not have any impact on these financial statements.

2(c) FRS issued but not yet effective

Standards that are not yet effective and have not been adopted by the Group

The following are the new or amended IFRS and Interpretation of IFRS ("IFRIC") issued which are relevant to the Group but are not yet effective and may be early adopted for the current financial year:

Summarised in the paragraphs below are standards that have been issued prior to the date of approval of these consolidated financial statements and will be applicable for transactions in the Group but are not yet effective. These have not been adopted early by the Group and accordingly, have not been considered in the preparation of the consolidated financial statements of the Group.

Management anticipates that all of these pronouncements will be adopte by the Group in the first accounting period beginning after the effective date of each of the pronouncements. Information on the new standards, interpretations and amendments that are expected to be relevant to the Group's consolidated financial statements is provided below.

IFRS 9 Financial Instruments Classification and Measurement
Not yet adopted by European Union

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions'
Applicable for annual periods beginning on or after 1 February 2015

These amendments:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties; and
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

2(c) FRS issued but not yet effective (cont'd)

Standards that are not yet effective and have not been adopted by the Group (cont'd)

<u>IFRS 15 Revenue from Contracts with Customers</u>
Not yet adopted by European Union

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

<u>Amendments to IFRS 11 Joint Arrangements</u>
Not yet adopted by European Union

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations'and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

<u>IFRIC 21 'Levies'</u>
Applicable for annual periods beginning on or after 17 June 2014

Applicable for annual periods beginning on or after 17 June 2014 IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements

The management is currently evaluating the impact that all above mentioned new standard/ interpretation will have on its consolidated financial statements.

2(d) Significant accounting policies

Overall considerations
The financial accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared on a going concern basis. The measurement bases are described in the accounting policies below.

2(d) Significant accounting policies (cont'd)

Consolidation
The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 6 to the financial statements.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

<u>Acquisition of businesses</u>
The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

2(d) Significant accounting policies (cont'd)

Consolidation (cont'd)
Disposals
When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Transactions with non-controlling interests
Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Subsidiaries
Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Goodwill
Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Functional currencies
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of all the subsidiaries within the Group (other than the subsidiary in Sri Lanka) is Indian Rupees (INR). The functional currency of subsidiary in Sri Lanka is Sri Lankan Rupees.

For the purpose of consolidation, management has chosen to present the consolidated financial information in US$, which is the functional currency of the Company.

2(d) Significant accounting policies (cont'd)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period of that statement of financial position;
(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency fluctuation reserve.

Other intangible assets

The Group's other intangible assets include licence, externally acquired customer relationships, brands and internally developed software which are further described in Note 4 to the financial statements.

Licence

licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Licence is amortised on a straight line basis over 10 years, which is considered the useful life of the asset.

Customer relationships

The customer relationships have been acquired as part of a business combination and thus have been recognised at the fair value at the date of acquisition.

These relationships have been amortised on a straight line basis over five years, which is considered the useful life of the asset.

2(d) Significant accounting policies (cont'd)

Other intangible assets (cont'd)
Brands
The brand was acquired as part of the business combination and thus has been recognised at the fair value at the date of acquisition.

Management considers the life of the brand to be indefinite. The brand will not be amortised until its useful life is determined to be finite. It is tested for impairment annually and whenever there is an indication that it may be impaired.

Internally developed software
Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

(i) the development costs can be measured reliably
(ii) the project is technically and commercially feasible
(iii) the Group intends to and has sufficient resources to complete the project
(iv) the Group has the ability to use or sell the software
(v) the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

These software will be amortised on a straight line basis over five years, which is considered the useful life of the asset.

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their useful lives as follows:

Computers	3 years
Office equipment	5 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	3 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

2(d) Significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)
Capital work-in-progress is not depreciated until the assets are completed and ready for intended use.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the day of acquisition to the day before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at each reporting date as a change in estimates.

Financial assets
Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offsetted and the net amount presented in the statement of financial position when, and only when, the Company and the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

As at 31 March 2015, the Group has loans and receivables on the statements of financial position. The Group does not designate any financial assets as held-to-maturity investments, financial assets at fair value through profit or loss and available-for-sale financial assets.

2(d) Significant accounting policies (cont'd)

Financial assets (cont'd)
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Company provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of he reporting period. These are classified as non-current assets.

Loans and receivables include cash and bank balances, trade and other receivables, long-term and short-tem financial assets. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in profit or loss.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Provision is made of obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, in current accounts and deposits accounts with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of any pledged bank deposits.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities
The Group's and the Company's financial liabilities include bank borrowings, employee benefit obligations, trade and other payables.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offsetted and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2(d) Significant accounting policies (cont'd)

Financial liabilities (cont'd)
Borrowings are recognised initially at the fair value of the proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting date are included in current borrowings in the statement of financial position even though the original terms was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting date. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of reporting date are included in non-current borrowings in the statement of financial position.

Trade and other payables
Payables, which represent the consideration for goods and services received, whether or not billed to the Group and the Company, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Payables include trade and the other payables in the statement of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Leases
Where the Group is the lessee,

<u>Finance leases</u>
Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair value of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

<u>Operating leases</u>
Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals on operating lease are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

2(d) Significant accounting policies (cont'd)

Income taxes
Current income tax for the current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offsetted when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Employee benefits
The Company and the Group participates in the defined contribution plan as provided by the laws of the countries in which it has operations and defined benefit plan.

<u>Defined contribution plan</u>
A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to a state-run provident fund according to eligibility of the individual employees. The contributions recognised in respect of defined contribution plans are expensed as they fall due.

2(d) Significant accounting policies (cont'd)

Employee benefits (cont'd)

Defined benefit plan

The defined benefit plans sponsored by the Group defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group. The Group's defined benefit plans include amounts provided for gratuity obligations.

The liability recognised in the statement of financial position of a defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows based on management's assumptions.

The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality. Discount rate is based upon the market yield available on high quality corporate bonds at the reporting date with a term that matches that of the liabilities and the salary increase taking into account inflation, seniority, promotion and other relevant factors.

Service cost and interest expense on the net defined benefit liability is included in employee benefits expense.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Short term employee benefits

Short term benefits comprising of employee costs such as salaries, bonuses, and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

The liability in respect of compensated absences becoming due or expected to be available within one year from the reporting period are considered short term benefits and are recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be available to the employees.

Long term employee benefits

The liability for employee's compensated absences which become due or expected to be available after more than one year from the reporting date are considered long term benefits and are recognised through valuation by an independent actuary using the projected unit credit method at each reporting date. Actuarial gains and losses are included in the profit or loss account of the year.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors of the Company and certain directors of subsidiaries are considered key management personnel.

2(d) Significant accounting policies (cont'd)

Impairment of non-financial assets
The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not available for us are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- 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 if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

2(d) Significant accounting policies (cont'd)

Related party
A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and Company if that person:
   i) has control or joint control over the Company;
   ii) has significant influence over the Company; or
   iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:
   i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
   vi) the entity is controlled or jointly controlled by a person identified in (a);
   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).

Related parties may be individuals or corporate entities.

The Group's related parties include subsidiaries, key management, and entities over which the key management are able to exercise significant influence. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Revenue recognition
Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, and after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

<u>Rendering of services</u>
Revenue from guarding and provision of facility management and other manpower services is recorded net of trade discounts, rebates and applicable taxes and is recognised upon performance of services and when there is a reasonable certainty regarding collection at the fair value of the consideration received or receivable.

<u>Revenue from contracts with customers</u>
In respect of installation projects which overlap two reporting periods, revenue is recognised based on the percentage of project completion method. Percentage completion of the project is determined by comparing actual cost incurred till reporting date to the estimate of total cost for completion of the project.

2(d) Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from sale of goods.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Operating segments

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group, as reported to the Group Chief Executive.

The activities undertaken by the Guarding segment includes the provision of guarding services. Facility management services are undertaken by the Facility Management segment. The activities undertaken in respect sale and installation of safety equipment do not meet the quantitative thresholds under IFRS 8 and thus have been disclosed under the segment 'Others'.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

3 Goodwill

	2015	2014
Cash-generating unit (Roto Power Projects Private Limited)	**US$**	US$
The Group		
Gross carrying amount:		
Balance as at the beginning of year	**844,697**	1,209,174
Deferred consideration adjustment (Note a)	**-**	(249,585)
Translation adjustment	**(33,618)**	(114,892)
Balance as at the end of year	**811,079**	844,697

Note (a)

On 30 June, 2009, the Group, through one of its subsidiary company, Tenon Property Services Private Limited, acquired 99.95% of the issued share capital of Roto Power Projects Private Limited for a consideration of US$2.03 million which includes upfront payment of US$1.78 million and a contingent consideration of US$0.25 million which was included in cost of business combination in accordance with IFRS 3 as issued in 2004. During previous year, the Company made an assessment based on the legal opinion that payment of the contingent consideration of US$0.25 million was already time barred. Accordingly the Group had adjusted such contingent consideration against goodwill.

3 Goodwill (cont'd)

Impairment testing of goodwill
Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segment.

A segment-level summary of the goodwill allocation is as follows:

The Group	**2015 US$**	2014 US$
Mechanical and engineering maintenance services		
- Roto Power Projects Private Limited	**811,079**	844,697

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Mechanical and engineering maintenance services Roto Power Projects Private Limited	
	2015	2014
Net margin[1]	**3%-8%**	4%-8%
Growth rate[2]	**5%-11%**	5%-18%
Discount rate[3]	**21.5%**	23%

[1] Budgeted net margin based on past experience in the market.
[2] Forecasted growth rate based on management estimation derived from past experience and external source of information available.
[3] Pre-tax discount rate applied to the pre-tax cash flow projections based on management's estimates of the risks specific to the business.

These assumptions were used for the analysis of the CGU within the business segment. Management determined budgeted net margin based on past performance and its expectations of the market developments. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

As at 31 March 2015, goodwill in respect of the acquisition of Roto Power Projects Private Limited was not impaired.

The impairment test carried out as at 31 March 2015 has revealed that the recoverable amount of the CGU is US$200,844 or 6% higher than its carrying amount. A further decrease in the net margin by 0.4% or a decrease in the growth rate of 1% or an increase in the discount rate by 1% would result in the recoverable amount equal to its carrying amount.

4 Other intangible assets

The Group	Brands US$	Customer relationships US$	Licence US$	Intangible assets under development US$	Total US$
Cost					
Balance as at 1 April 2013	53,565	76,507	-	-	130,072
Translation adjustment	(5,088)	(7,272)	-	-	(12,360)
Balance as at 31 March 2014 and 1 April 2014	**48,477**	**69,235**	**-**	**-**	**117,712**
Acquisitions during the year	**-**	**-**	**84,361**	**147,186**	**231,547**
Translation adjustment	**(1,931)**	**(2,754)**	**(1,947)**	**(3,395)**	**(10,027)**
Balance as at 31 March 2015	**46,546**	**66,481**	**82,414**	**143,791**	**339,232**
Accumulated amortisation					
Balance as at 1 April 2013	-	57,380	-	-	57,380
Amortisation during the year	-	13,757	-	-	13,757
Translation adjustment	-	(5,362)	-	-	(5,362)
Balance as at 31 March 2014 and 1 April 2014	**-**	**65,775**	**-**	**-**	**65,775**
Amortisation during the year	**-**	**3,403**	**6,184**	**-**	**9,587**
Translation adjustment	**-**	**(2,697)**	**(143)**	**-**	**(2,840)**
Balance as at 31 March 2015	**-**	**66,481**	**6,041**	**-**	**72,522**
Carrying value					
At 31 March 2014	48,477	3,460	-	**-**	51,937
At 31 March 2015	**46,546**	**-**	**76,373**	**143,791**	**266,710**

Cash flow reconciliation of acquisition of other intangible assets is as follows:

The Group	**2015** **US$**	2014 US$
Acquisition during the year	**231,547**	-
Net cash flow used in acquisition of other intangible assets	**231,547**	-

Customer relationships are determined to have a finite life and are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life of customer relationships is 5 years.

Intangible asset under development includes customised software which is under development as at 31 March 2015. During the year, the Group entered into an agreement to acquire enterprise resource planning software ("RAMCO"), to support the planning and administration of the Group's operations. Contractual commitments resulting from this agreement are US$ 87,872 payable during 2015-16. (Note 23.1)

Management has determined that the brands would be treated as having an indefinite useful life because it is expected to contribute to net cash inflows to the Group indefinitely. The recoverable amount of brands is assessed together with the recoverable amount of goodwill in Note 3 as they relate to the same CGU. As at 31 March 2015, the carrying amount of brands is not impaired.

Amortisation and impairment charge, if any are included in the profit or loss.

5 Property, plant and equipment

The Group	Computers US$	Office equipment US$	Plant and Machinery US$	Furniture and fixtures US$	Leasehold Improvements US$	*Vehicles US$	Capital work-in-progress US$	Total US$
Cost								
At 1 April 2013	279,156	133,015	815,287	398,278	110,128	1,059,245	-	2,795,109
Acquisitions	197,136	19,069	254,184	140,912	-	357,525	-	968,826
Disposals	-	-	-	-	-	(134,420)	-	(134,420)
Translation adjustment	(25,224)	(12,513)	(75,790)	(36,914)	(10,464)	(99,175)	-	(260,080)
At 31 March 2014 and 1 April 2014	**451,068**	**139,571**	**993,681**	**502,276**	**99,664**	**1,183,175**	**-**	**3,369,435**
Acquisitions	**53,500**	**23,880**	**280,690**	**85,133**	**62,629**	**134,008**	**404,324**	**1,044,164**
Disposals	**-**	**-**	**(798)**	**-**	**-**	**(49,983)**	**-**	**(50,781)**
Translation adjustment	**(19,164)**	**(6,091)**	**(46,003)**	**(21,945)**	**(5,411)**	**(49,026)**	**(9,326)**	**(156,966)**
At 31 March 2015	**485,404**	**157,360**	**1,227,570**	**565,464**	**156,882**	**1,218,174**	**394,998**	**4,205,852**
Accumulated depreciation								
At 1 April 2013	240,245	75,422	377,999	309,905	58,887	514,895	-	1,577,353
Depreciation	33,476	20,293	144,985	29,036	18,606	199,417	-	445,813
Disposals	-	-	-	-	-	(96,090)	-	(96,090)
Translation adjustment	(22,929)	(7,053)	(34,960)	(29,255)	(5,472)	(47,899)	-	(147,568)
At 31 March 2014 and 1 April 2014	**250,792**	**88,662**	**488,024**	**309,686**	**72,021**	**570,323**	**-**	**1,779,508**
Depreciation	**65,344**	**21,860**	**180,404**	**55,089**	**18,613**	**203,641**	**-**	**544,952**
Disposals	**-**	**-**	**(447)**	**-**	**-**	**(49,983)**	**-**	**(50,430)**
Translation adjustment	**(11,496)**	**(4,033)**	**(23,565)**	**(13,595)**	**(3,296)**	**(26,242)**	**-**	**(82,228)**
At 31 March 2015	**304,640**	**106,489**	**644,416**	**351,180**	**87,338**	**697,739**	**-**	**2,191,802**
Net book value								
At 31 March 2015	**180,764**	**50,871**	**583,154**	**214,284**	**69,544**	**520,435**	**394,998**	**2,014,050**
At 31 March 2014	200,276	50,909	505,657	192,590	27,643	612,852	-	1,589,927

* The net book value of motor vehicles acquired under finance leases for the Group amounted to US$484,423 (2014 – US$748,922). These assets have been pledged as security under finance leases as disclosed under Note 16.1 to the financial statements.

Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US$475,051 (2014 – US$452,514) (Note 16.2).

5 Property, plant and equipment (cont'd)

Cash flow reconciliation of acquisition of property, plant and equipment is as follows:

The Group	**2015 US$**	2014 US$
Acquisition during the year	**1,044,164**	968,826
Assets acquired through finance leases	**(146,718)**	(291,629)
Net cash flow used in acquisition of property, plant and equipment	**897,446**	677,197

The Group has a contractual commitment to pay US$ 45,362 in 2015-16, for the purpose of construction of leasehold building (Note 23.1).

6 Investment in subsidiaries

The Company	**2015 US$**	2014 US$
Unquoted equity investments, at cost	**7,675,465**	7,675,465

The subsidiaries are:

Name	Country of incorporation / and operation	Cost of Investments		Proportion of ownership interest and voting rights held by the Group		Proportion of ownership interest and voting rights held by the non-controlling interests		Principal activities
		2015 US$	2014 US$	**2015 %**	2014 %	**2015 %**	2014 %	
Held by the Company								
Tenon Property Services Private Limited	India	**7,675,465**	7,675,465	**99.49**	99.49	**0.51**	0.51	Facilities and property management Services
Tenon Property Services Lanka (Private) Limited[1]	Sri Lanka	**-**	-	**100**	100	**-**	-	Facilities and property management Services
Held by Tenon Property Services Private Limited								
Peregrine Guarding Private Limited	India	**-**	-	**100**	100	**-**	**-**	Guarding, safety and security services
Tenon Support Services Private Limited	India	**-**	-	**100**	100	**-**	**-**	Facilities and property management Services
Tenon Project Services Private Limited	India	**-**	-	**100**	100	**-**	**-**	Sale and installation of safety equipment
Roto Power Projects Private Limited	India	**-**	-	**99.95**	99.95	**0.05**	0.05	Mechanical and Engineering maintenance services
Soteria Command Center Private Limited	India	**-**	-	**100**	100	**-**	**-**	Technology driven solution provider
Peregrine Cash Management Private Limited	India	**-**	-	**100**	-	**-**	**-**	Security services

[1] The Company is in the process of issuing share capital to the Company.

There are no material non-controlling interests.

7 Long-term financial assets

The Group	**2015 US$**	2014 US$
Restricted cash		
- Due not later than one year	**1,066,390**	-
- Due later than one year	**-**	1,968,247
	1,066,390	1,968,247

Restricted cash represents fixed deposits held with banks to secure bank guarantees in favour of customers with respect to the Group's activities for continuing contracts. The weighted average effective interest rate of long-term financial assets is 8.08% (2014 - 8.30%) per annum.

The carrying amount of restricted cash due not later than one year approximates its fair value. The carrying amount of restricted cash due later than one year in prior year approximated its fair values because the directors expected the market interest rate available to the Group for restricted cash as at 31 March 2014 to be similar.

8 Deferred tax assets

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

The Group	**2015 US$**	2014 US$
Deferred income tax assets		
- To be recovered within one year	**484,414**	590,653
- To be recovered after one year	**1,417,412**	941,925
	1,901,826	1,532,578

The Group	**2015 US$**	2014 US$
Movements in deferred income tax account are as follows:		
Balance at beginning	**1,532,578**	1,266,317
Transfer from		
- Profit or loss	**461,883**	403,349
- Other comprehensive income	**(21,474)**	(19,306)
	440,409	384,043
Translation adjustment	**(71,161)**	(117,782)
Balance at end	**1,901,826**	1,532,578

8 Deferred tax assets (cont'd)

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	At 1 April 2014 US$	Recognised in profit or loss US$	Recognised in other comprehensive income US$	At 31 March 2015 US$
Excess of net book value over tax written down value of qualifying property, plant and equipment	**194,990**	**25,562**	**-**	**220,552**
Retirement benefits and other employee benefits	**519,226**	**(15,139)**	**(21,474)**	**482,613**
Unutilised tax losses	**329,872**	**116,067**	**-**	**445,939**
Unutilised tax credits	**136,415**	**55,891**	**-**	**192,306**
Others	**352,075**	**208,341**	**-**	**560,416**
	1,532,578	**390,722**	**(21,474)**	**1,901,826**

	At 1 April 2013 US$	Recognised in profit or loss US$	Recognised in other comprehensive income US$	At 31 March 2014 US$
Excess of net book value over tax written down value of qualifying property, plant and equipment	164,353	30,637	-	194,990
Retirement benefits and other employee benefits	260,881	277,651	(19,306)	519,226
Unutilised tax losses	501,656	(171,784)	-	329,872
Unutilised tax credits	145,487	(9,072)	-	136,415
Others	193,940	158,135	-	352,075
	1,266,317	285,567	(19,306)	1,532,578

Deferred income tax asset on unutilised tax lossed is recognised to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. The deferred tax on unutilised tax losses can be carried forward for 8 years.

Unutilised tax credits pertains to minimum alternate tax credit entitlement which is a new tax credit scheme where minimum tax computed and paid can be carried forward to offset against regular tax payable in subsequent year, subject to certain conditions.

Others pertains mainly to provision of doubtful debts.

Deferred tax assets have not been recognised in respect of the following items:

The Group	**2015 US$**	2014 US$
Tax losses and unabsorbed capital allowances	**748,313**	310,014
Deferred tax assets in respect of tax losses and unabsorbed capital allowances	**231,229**	100,584

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Unrecognised taxable temporary differences associated with investments in subsidiaries

Deferred tax liabilities of US$1,025,083 (2014 - US$ 699,686) have not been recognised for withholding and other taxes that will be payable on the earnings of the overseas subsidiaries. The Group is able to controls the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

9 Other non-current assets

The Group	**2015 US$**	2014 US$
Deposits	**212,508**	179,644

This represents deposits paid for construction of a staff residential flat in Gurgaon, New Delhi. The amount will be capitalised as part of property, plant and equipment upon completion of the transaction, which is estimated to be after 31 March 2016.

10 Inventories

The Group	**2015 US$**	2014 US$
Consumables	**195,526**	153,034
Cost of inventories included in materials	**870,044**	938,458

Consumables represent uniforms, material and equipment such as tools used under installation at customer sites.

No inventory write downs or reversals are recognised in the periods reported above.

11 Trade and other receivables

		The Group		The Company	
		2015 US$	2014 US$	**2015 US$**	2014 US$
Trade receivables		**22,654,686**	20,544,254	**-**	-
Less impairment of trade receivables:					
Balance at beginning		**1,072,727**	665,831	**-**	-
Charge for the year		**238,743**	470,161	**-**	-
Translation adjustment		**(42,694)**	(63,265)	**-**	-
Net charge for the year		**196,049**	406,896	**-**	-
Balance at end		**1,268,776**	1,072,727	**-**	-
Net trade receivables	(i)	**21,385,910**	19,471,527	**-**	-
Other receivables					
Unbilled billings		**382,519**	591,792	**-**	-
Advances to related parties		**138,515**	74,205	**-**	-
Advances to third parties		**1,054,268**	413,826	**-**	-
Staff loans		**268,161**	230,069	**-**	-
Deposits		**747,149**	685,213	**5,685**	5,685
Prepayments		**60,428**	84,679	**740**	1,611
Others		**90,553**	34,049	**-**	-
	(ii)	**2,741,593**	2,113,833	**6,425**	7,296
	(i) + (ii)	**24,127,503**	21,585,360	**6,425**	7,296

The advances to related parties are interest-free, unsecured and receivable on demand. The advances to third parties mainly pertain to advances paid on rent, construction work-in-progress and suppliers of petrol. Included in prepayments are advances to vendors and prepaid insurance. The deposits pertain to security deposits recoverable from customers.

11 Trade and other receivables (cont'd)

Unbilled billings represent the contract revenue for services rendered but not yet invoiced due to the timing of the accounting invoicing cycle.

Trade receivables are usually due within 30 to 90 days and do not bear any effective interest rate.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers. Impairment of trade receivables is made when certain debtors are identified to be irrecoverable.

The credit risk for trade and other receivables based on the information provided by key management is as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
By geographical area				
India	**24,112,014**	21,578,064	**-**	-
Sri Lankan	**9,064**	-	**-**	-
Others	**6,425**	7,296	**6,425**	7,296
	24,127,503	21,585,360	**6,425**	7,296

(i) Financial assets that are neither past due nor impaired

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Current				
- Trade receivables	**15,159,215**	11,959,636	**-**	-
- Other receivables	**2,681,166**	2,029,154	**5,685**	5,685
	17,840,381	13,988,790	**5,685**	5,685

Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due but not impaired

The ageing analysis of trade and other receivables past due but not impaired is as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Past due 0 to 3 months	**3,976,349**	5,924,532	**-**	-
Past due 3 to 6 months	**962,349**	754,240	**-**	-
Past due over 6 months	**1,287,996**	833,119	**-**	-
	6,226,694	7,511,891	**-**	-

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Group.

11 Trade and other receivables (cont'd)

(iii) Trade receivables that are past due and/or impaired

The carrying amount of trade receivables individually determined to be impaired are as follow:

The Group	**2015 US$**	2014 US$
Gross amount	**1,268,776**	1,072,727
Provision for impairment losses	**(1,268,776)**	(1,072,727)
	-	-

The impaired trade receivables arises mainly from specific debts for which the directors of the Group are of the opinion that the debts are not recoverable.

12 Cash and cash equivalents

	The Group		The Company	
	2015 US$	2014 US$	**2015 US$**	2014 US$
Cash at banks	**463,315**	941,266	**59,541**	47,731
Cash on hand	**75,889**	123,676	**-**	-
	539,204	1,064,942	**59,541**	47,731

13 Share capital

	No. of ordinary shares		Amount	
The Group and The Company	**2015**	2014	**2015 US$**	2014 US$
Issued and fully paid, with no par value				
Balance at beginning and at end of year	**47,700,001**	47,700,001	**9,555,312**	9,555,312

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.

14 Reserves

	The Group		The Company	
	2015 US$	2014 US$	**2015 US$**	2014 US$
Currency translation reserve	**(3,193,804)**	(2,765,788)	**-**	-
Retained earnings/ (accumulated losses)	**4,157,013**	2,753,650	**(2,320,437)**	(2,242,241)
	963,209	(12,138)	**(2,320,437)**	(2,242,241)
Represented by:				
Distributable	**4,157,013**	2,753,650	**(2,320,437)**	(2,242,241)
Non-distributable	**(3,193,804)**	(2,765,788)	**-**	-
	963,209	(12,138)	**(2,320,437)**	(2,242,241)

Currency translation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company.

15 Employee benefit obligations

Long term employee benefit obligations comprise the gratuity and long-term compensated absences. These are summarised as under:

The Group	2015 US$	2014 US$
Gratuity benefit plan (Note 15.1)	**1,090,431**	858,939
Long term compensated absences (Note 15.2)	**291,015**	84,847
	1,381,446	943,786

The estimate of its defined benefit liabilities at 31 March 2015, 2014, 2013, 2012 and 2011 are US$ 1,381,446, US$ 943,786, US$ 735,948, US$ 624,776 and US$ 494,790 respectively and are based on standard rates of inflation and mortality.

15.1 Gratuity benefit plan

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation by each of the companies. The Group does not have an obligation to fund under the gratuity benefit plan.

The plan exposes the Group to actuarial risks such as interest rate risk, inflation risk and change in compensation level.

Interest rate risk
The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian Rupees. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability.

Inflation risk
A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

Compensation level
The Group is required to provide benefits upon retirement or resignation of its members after completing a service of 5 years with the Group. The benefits is computed based on the last drawn salary of the members. Increase in compensation level will increase the defined benefit liability.

The expense for the year and the liability as at year end in respect of the Group on account of the above plan is given below:

15 Employee benefit obligations (cont'd)

15.1 Gratuity benefit plan (cont'd)

Reconciliation of gratuity benefit plan

The Group	**2015**	2014
	US$	US$
A. Change in benefit obligation		
Actuarial value of projected benefit obligation (PBO) (Opening balance)	**858,939**	685,204
Interest cost	**71,633**	50,446
Service cost	**281,822**	255,823
Benefits paid	**(15,326)**	(14,989)
Re-measurement- actuarial gain (gross)	**(66,182)**	(54,005)
Translation adjustment	**(40,455)**	(63,540)
PBO at the end of year (Closing balance)	**1,090,431**	858,939

	2015	2014
	US$	US$
B. Amounts recognised in profit or loss		
Current service cost	**281,822**	255,823
Interest cost	**71,633**	50,446
Expense recognised in profit or loss	**353,455**	306,269

The Group	**2015**	2014
	US$	US$
C. Amounts recognised in other comprehensive income		
Actuarial gain from changes in demographic assumptions	**(207,466)**	(6,409)
Actuarial gain from changes in financial assumptions	**-**	(18,623)
Experience adjustment	**141,284**	(28,973)
	(66,182)	(54,005)
Taxation (Note 8)	**21,474**	19,306
Total income recognised in other comprehensive income net of tax	**(44,708)**	(34,699)

15 Employee benefit obligations (cont'd)

15.1 Gratuity benefit plan (cont'd)

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in other comprehensive income.

The significant actuarial assumptions were as follows:

		2015	2014
(i)	Financial assumptions		
	- Discount rate (per annum)	**8.5%**	8.5%
	- Rate of increase in compensation levels (per annum)	**5.5%**	5.5%
(ii)	Demographic assumptions		
	- Retirement age	**58 years**	58 years
	- Mortality percentage		
	20 years - 50 years	**0.10%-0.52%**	0.10%- 0.52%
	50 years - 58 years	**0.58%-1.10%**	0.58%- 1.10%

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the defined benefit obligation was measured using the projected unit credit method.

(iii) The sensitivity of the gratuity benefit plan to changes in the weighted principal assumptions is:

The Group	Impact on defined benefit liability		
	Change in assumption	Increase in assumption US$	Decrease in assumption US$
Discount rate	0.50%	(5,077)	41,678
Compensation level	0.50%	42,108	(5,764)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the gratuity benefit plan to significant actuarial assumptions, the same method (present value of the gratuity on retirement calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity benefit liability recognised within the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Based on historical data, the Group expected payout is US$ 427,622 in 2015-16 (US$ 399,806 in 2014-15).

The weighted average duration of the defined benefit obligation at 31 March 2015 is 2.71 years.

15.2 Long term compensated absences

The entities within the Group have either accumulating or non-accumulating compensated absences policies for employees working under the guarding and facilities management services . The cost of non-accumulating absences is charged to profit or loss. The Group measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method, where the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows based on assumptions developed by the management. The discount rate is based upon the market yield available on high quality corporate bonds at the end of reporting period, which have a term that matches that of the liabilities. Other assumptions used in the valuation include an estimate of the salary increases, which takes into account inflation, seniority, promotion and other relevant factors. The liability with respect to long term employee benefits in respect of compensated absences for the year ended 31 March 2015 is US$ 291,015 (2014 - US$ 84,847).

15 Employee benefit obligations (cont'd)

15.3 Provident fund benefit

Apart from being covered under the Gratuity Plan described earlier, employees of the Group also participate in a provident fund plan. The Provident Fund (being administered by a trust) is a defined contribution scheme whereby the Group deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The Group does not have any further obligation in the plan beyond making such contributions. Upon retirement or separation, an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed US$ 4,545,305 and US$ 3,552,459 to the provident fund plan, during the year ended 31 March 2015 and 31 March 2014, respectively.

The contribution to the provident fund is included as part of the staff and related costs as shown in the face of the consolidated statement of profit or loss and other comprehensive income.

16 Borrowings

The Group	**2015 US$**	2014 US$
Non-current		
Obligations under finance leases (Note 16.1)	**198,640**	275,107
Bank loan (Note 16.2)	**165,539**	130,743
	364,179	405,850
Current		
Obligations under finance leases (Note 16.1)	**156,595**	176,285
Demand loans from bank (Note 16.2)	**1,725,493**	1,830,288
Other bank borrowings (Note 16.2)	**5,214,863**	5,997,505
Loan from related party (Note 16.3)	**-**	105,677
	7,096,951	8,109,755
Total borrowings	**7,461,130**	8,515,605

16.1 Obligations under finance leases

The Group	**2015 US$**	2014 US$
Minimum lease payments payable:		
Due not later than one year	**184,941**	213,908
Due later than one year and not later than five years	**232,543**	305,979
Due later than five years	**2,018**	7,953
	419,502	527,840
Less:		
Finance charges allocated to future periods	**(64,267)**	(76,448)
Present value of minimum lease payments	**355,235**	451,392

Represented by:

The Group	**2015 US$**	2014 US$
Present value of minimum lease payments:		
Due not later than one year	**156,595**	176,285
Due later than one year and not later than five years	**196,673**	267,451
Due later than five years	**1,967**	7,656
Present value of minimum lease payments	**355,235**	451,392

The interest rate ranges from 8% to 12.79% (2014 - 9% to 13%) per annum.

16 Borrowings (cont'd)

16.1 Obligations under finance leases (cont'd)

The Group leases motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The finance lease obligations are secured by the underlying assets (Note 5).

16.2 Bank borrowings

The Group	**2015 US$**	2014 US$
Non-current:		
Bank loan		
Amounts repayable after one year	**165,539**	130,743
Current:		
Other bank borrowings		
Demand loans	**1,725,493**	1,830,288
Bank overdraft/cash credit payable on demand- secured	**5,214,863**	5,997,505
Amounts repayable within one year	**6,940,356**	7,827,793
Total	**7,105,895**	7,958,536

(i) The weighted average effective interest rate for the bank loan is 10.75% (2014 - 10.50%) per annum.

The interest rate for bank overdraft/cash credit and demand loans are within the range of 11.70% to 13.75% (2014 - 10.50% to 13.75%) per annum.

Interests is repriced on an annual basis.

The exposure of the bank borrowings of the Group to interest rate changes is as follows:

	The Group	
	2015 US$	2014 US$
At fixed rates	**1,891,032**	1,961,031
At floating rates	**5,214,863**	5,997,505
	7,105,895	7,958,536

(ii) The bank overdrafts/cash credit payable on demand and demand loans are repayable between 9 March 2016 and 10 March 2016 and are secured by:

- Exclusive charge on all the current assets amounting to US$ 26,326,726 (2014 - US$ 23,674,871) and movable fixed assets amounting to US$ 475,051 (2014 - US$ 452,514) both present and future.
- Unconditional and irrevocable personal guarantee of Manjit Rajain - Key managerial person

(iii) The non-current bank loan is secured against the staff residential flat in Gurgaon, New Delhi (Note 9).

Some of the Group's loan agreements are subjected to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. The subsidiary did not fulfil the debt/EDITDA and current ratio as required in the contract for the cash credit facility of US$319,536 and working capital demand loan of US$958,607, of which the subsidiary has currently drawn an amount of US$32,496 and US$718,956 respectively. The total outstanding balance of US$751,452 is included in current bank borrowing under bank overdraft/cash credit payable on demand- secured as the amount is deemed to be repayable on demand.

16 Borrowings (cont'd)

16.2 Bank borrowings (cont'd)

The bank had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Subsequent to the financial year, the management has renegotiated the terms of the loan agreement with the bank and the bank has revised its terms and conditions as to the initial financial covenants.

16.3 Loan from related party

The Company had taken an unsecured loan from one of the directors of the Company at the rate of 12.75% per annum which was repaid during the year.

16.4 Carrying amounts and fair values

(a) Fair values of borrowings

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:

	The Group	
	Carrying amounts US$	Fair values US$
2015		
Obligations under finance leases	**198,640**	**198,640**
Bank loan	**165,539**	**165,539**
2014		
Obligations under finance leases	275,107	275,107
Bank loan	130,743	130,743

The fair values above are determined from the discounted cash flow analysis, discounted at market borrowing rates (per annum) of an equivalent instrument at the end of reporting period which the directors expect to be available to the Group as follows:

	The Group	
	2015 US$	2014 US$
Obligations under finance leases	**8%-12.79%**	9%-13%
Bank loan	**10.75%**	10.50%

The fair values are within Level 2 of the fair values hierarchy.

(b) The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

17 Trade and other payables

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Trade payables				
Third parties	**1,909,873**	1,914,054	**27,885**	6,632
Accruals	**685,953**	385,156	**37,776**	42,520
	2,595,826	2,299,210	**65,661**	49,152
Other payables				
Salaries payable	**5,664,896**	5,222,386	**-**	-
Advances from customers	**1,982,534**	1,990,396	**-**	-
Statutory dues payables	**3,647,327**	2,100,345	**7,668**	11,890
Advances from related parties	**10,471**	10,471	**10,471**	10,471
Amount due to subsidiaries	**-**	-	**422,756**	345,908
	13,901,054	11,622,808	**506,556**	417,421

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statements of financial position to be reasonable approximation of their fair values.

Related parties include key management and their spouse and entities over which key management are able to exercise control. Both the advances from related parties and amount due to subsidiaries are unsecured and repayable on demand. Interest rate for advances from related parties and amount due to subsidiaries are 12.75% (2014 - 13.25%) per annum.

Advances from customers are amounts received from unidentified debtors.

Statutory dues payables consist mainly of provident funds, employee state insurance, services tax and miscellaneous business related tax.

Further details of liquidity risks on trade and other payables are disclosed in Note 25.2 to the financial statements.

18(a) Service revenue

Revenue of the Group consists of revenue from services rendered. Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

The Group	**2015 US$**	2014 US$
Facility management services	**24,304,769**	21,002,701
Guarding services	**63,585,205**	52,952,879
Sale and installation of safety equipment	**176,168**	113,291
	88,066,142	74,068,871

18(b) Other income

The Group	2015 US$	2014 US$
Interest income	**72,536**	149,386
Foreign exchange gain	**11,301**	32,401
Vehicle hire charges	**48,285**	25,620
Miscellaneous income from ad-hoc services	**169,745**	62,878
	301,867	270,285

18(c) Other operating expenses

The Group	2015 US$	2014 US$
Power and fuel	**65,503**	56,217
Rent	**575,883**	469,687
Repairs and maintenance		
- Plant and equipment	**1,189**	5,817
- Vehicles	**777,666**	763,675
- Others	**98,184**	101,811
Insurance	**89,577**	84,592
Rates and taxes	**4,418**	50,056
Audit fees	**98,758**	62,226
Legal and professional charges	**385,330**	248,310
Travelling and conveyance	**1,117,538**	854,892
Communication charges	**234,340**	200,992
Printing and stationery	**91,092**	59,541
Freight charges	**15,124**	23,232
Advertisement and publicity	**145,372**	120,374
Bad debts written off - trade	**23,930**	56,986
Impairment of trade receivables	**238,743**	470,161
Entertainment expenses	**77,686**	94,196
Commission	**34,337**	30,730
Miscellaneous expenses	**122,819**	459,454
	4,197,489	4,212,949

19 Finance costs

The Group	2015 US$	2014 US$
Interest on bank overdrafts and cash credit payable	**646,655**	507,032
Interest on bank loan and demand loan	**245,082**	104,628
Interest on finance leases	**43,355**	38,063
Bank charges	**88,378**	94,874
Interest on delayed payment	**335,956**	239,388
Others include interest on related parties advances	**-**	159,449
	1,359,426	1,143,434

Further details of interest rate are disclosed in Note 16.1 and Note 16.2 to the financial statements.

20 Taxation

The Group	**2015 US$**	2014 US$
Current taxation	**1,315,387**	1,129,512
Deferred taxation	**(461,883)**	(403,348)
	853,504	726,164

The major components of tax expense and the reconciliation of the expected tax expense based on the tax rates as applicable in the respective tax jurisdictions and the reported tax expense in profit or loss are as follows:

The Group	**2015 US$**	2014 US$
Profit before taxation	**2,221,067**	1,845,772
Tax at domestic rates as applicable in the countries concerned	**757,666**	597,634
Tax effect on non-deductible expenses	**16,681**	4,226
(Over)/Under provision of current tax of earlier years	**(67,048)**	46,348
Deferred tax asset not recognised tax losses and capital allowances	**130,645**	77,547
Others[1]	**15,560**	409
	853,504	726,164

[1] Others mainly include the impact of tax rate change applicable on Peregrine Guarding Private Limited

20 Taxation (cont'd)

Income tax is based on the tax rate applicable in various jurisdictions in which the Group operates. The effective tax at the domestic rates applicable to profits in the country concerned as shown in the reconciliation above have been computed by multiplying the accounting profit with the effective tax rate in each jurisdiction in which the Group operates. The individual entity amounts have been aggregated for the consolidated financial statements. The effective tax rate applied in each individual entity has not been disclosed in the tax reconciliation above as the amounts aggregated for individual group entities would not be a meaningful number. The details of statutory tax rates:

Country	Rate
Singapore	17.00% (previous year - 17%)
India	32.445% (previous year - 32.445%)
Sri Lanka	28% (previous year - NA)

The Group

Subject to agreement with the relevant tax authorities, the Group has unabsorbed capital allowances and tax losses amounting of US$5,479 (2014 - US$5,408) and US$742,834 (2014 – US$304,606) respectively available for offset against future taxable income subject to the relevant tax regulations.

Unutilised tax benefits totalling approximately US$231,229 (2014 – US$100,584) arising from unabsorbed capital allowances and tax losses had not been recognised as there was no reasonable certainty of their realisation in the future periods.

21 Earnings per share

Both the basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of 47,700,001 (2014 – 47,700,001) shares during the financial year.

The Group	**2015**	2014
Net profit attributable to equity holders (US$)	**1,358,949**	1,112,580
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**47,700,001**	47,700,001
Basic and diluted earnings per share (US$ per share)	**0.03**	0.02

For the purpose of calculating diluted earnings per share, profit attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

22 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the followings significant transactions between the Group and related parties took place at terms agreed between the parties during the financial yeares ended 312 March 2015 and 31 March 2014:

The Group	**2015 US$**	2014 US$
Key management personnel and their relatives		
Office rental paid to key management personnel	**166,222**	155,282
Deposits given to key management personnel	**67,103**	69,884
Sponsorship fees paid to relative of key management personnel	**-**	112,352
Loan taken from key management personnel	**-**	105,677
Receivable/(Payable) from key management personnel	**67,103**	(35,793)
Entities over which key management are able to exercise control:		
Deposits given to related party	**221,120**	245,529
Operating expenses paid on behalf of related party	**10,953**	38,717
Recovery of advances from related party	**14,983**	34,227
Office rental paid to related party	**23,746**	130,917
Commission paid to related party	**37,614**	38,019
Receivable from related party	**382,192**	322,501

Transactions with key management:

Particulars	**2015 US$**	2014 US$
Remuneration - short-term benefits	**547,470**	649,424
Remuneration - post-employment benefits	**18,430**	22,977

The outstanding balance payable to related parties under the category of key management as at 31 March 2015 and 31 March 2014 is US$ 34,738 and US$ 43,604 respectively. These have been included under salaries payable under Note 17 to the financial statements.

In addition to the above, the key management personnel participate in the gratuity plan of the Group.

23 Commitments

23.1 Capital commitments

The Group	**2015 US$**	2014 US$
Capital expenditure contracted for purchase of property, plant and equipment	**45,362**	-
Capital expenditure contracted for purchase of other intangible assets	**87,872**	-

23.2 Contractual commitment

The Group has a contractual commitment to pay US$79,698 in future years, for the purpose of purchase of a property (Note 9).

24 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

(1) The facility management segment relates to the provision of facility management services.
(2) The guarding service segment relates to the provision of guarding services.
(3) The others segment include sale and installation of safety equipment which do not meet the quantitative thresholds under IFRS 8.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The Group Chief Executive monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit and loss in the consolidated financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Sales and transfers between operating segments are carried out at arm's length.

Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

24 Operating segments (cont'd)

The following tables present revenue and profit information regarding industry segments for the years ended 31 March 2015 and 2014, and certain assets and liabilities information regarding industry segments as at 31 March 2015 and 2014.

	Facility management		Guarding service		Others		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$
Segment revenue	**24,304,769**	21,002,701	**63,585,205**	52,952,879	**176,168**	113,291	**88,066,142**	74,068,871
Depreciation and amortisation	**180,797**	149,558	**330,124**	308,942	**43,618**	1,070	**554,539**	459,570
Materials consumed	**587,616**	533,222	**159,760**	305,102	**122,668**	100,134	**870,044**	938,458
Staff and related costs	**22,665,877**	19,088,190	**56,289,332**	46,569,417	**210,235**	81,366	**79,165,444**	65,738,973
Other operating expenses	**1,042,531**	950,106	**2,811,780**	3,063,751	**119,410**	37,129	**3,973,721**	4,050,986
Finance costs	**395,877**	348,148	**926,820**	770,637	**34,842**	21,675	**1,357,539**	1,140,460
Segment operating (loss)/profit before tax	**(567,929)**	(66,523)	**3,067,389**	1,935,030	**(354,605)**	(128,083)	**2,144,855**	1,740,424
Taxation	**238,057**	(69,315)	**(1,075,766)**	(632,078)	**(11,713)**	(8,304)	**(849,422)**	(709,697)
Segment net (loss)/profit	**(329,872)**	(135,838)	**1,991,623**	1,302,952	**(366,317)**	(136,387)	**1,295,434**	1,030,727
Segment assets	**9,973,435**	10,805,412	**22,784,395**	19,431,170	**467,476**	356,691	**33,225,306**	30,593,273
Segment liabilities	**6,057,946**	5,955,985	**16,517,061**	14,963,262	**84,823**	91,441	**22,659,830**	21,010,688
Other segment information:								
Capital expenditure								
- property, plant and equipment	**220,844**	230,564	**741,398**	496,994	**81,922**	241,268	**1,044,164**	968,826
- other intangible assets	**-**	-	**-**	-	**-**	-	**231,547**	-
Depreciation of property, plant and equipment	**177,395**	139,496	**330,124**	305,248	**37,433**	1,069	**544,952**	445,813
Amortisation of other intangible assets	**-**	-	**-**	-	**-**	-	**9,587**	13,757

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in its consolidated financial statements are as follows:

The Group	**2015**	2014
	US$	US$
Segment operating profit before tax	**2,144,855**	1,740,424
Reconciling items:		
Other income not allocated (Note 18)	**301,867**	270,285
Other expenses not allocated (Mortice Limited)	**(225,655)**	(164,937)
Group profit before tax	**2,221,067**	1,845,772
Group profit before tax	**2,221,067**	1,845,772
Reconciling items:		
Tax unallocated	**(4,082)**	(16,467)
Tax allocated	**(849,422)**	(709,697)
Group profit after tax	**1,367,563**	1,119,608

24 Operating segments (cont'd)

The Group	2015 US$	2014 US$
Segment assets	**33,225,306**	30,593,273
Reconciling items:		
Other assets not allocated (Mortice Limited)	**65,966**	55,027
Total assets	**33,291,272**	30,648,300

The Group	2015 US$	2014 US$
Segment liabilities	**22,659,830**	21,010,688
Reconciling items:		
Other liabilities not allocated (Mortice Limited)	**83,800**	71,511
Total liabilities	**22,743,630**	21,082,199

24.1 Geographical segments

Revenue and non-current assets of information based on geographical location of customers and assets respectively are as follows:

	2015 US$	2014 US$
Revenue		
India	**88,049,640**	74,068,871
Sri Lanka	**16,502**	-
	88,066,142	74,068,871
Non-current assets		
India	**3,302,401**	2,666,205
Sri Lanka	**1,946**	-
	3,304,347	2,666,205

All segment revenue and expense is directly attributable to the segments. There is no revenue from transactions with as single external customer that amounts to 10 per cent or more of the Group's revenues.

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

25 Financial risk management objectives and policies

The Company and the Group financial risk management policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

25 Financial risk management objectives and policies (cont'd)

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

25.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from trade and other receivables and bank deposits.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

For trade receivables, the Company and the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties. Cash is held with reputable financial institutions.

As at the end of reporting period, the Group has concentration of credit risk in 5 customers amounting US$ 1,749,248 (2014 - US$ 1,838,308) representing approximately 8% (2014 - 9%) of the total trade receivables of US$ 21,474,308 (2014 - US$ 19,471,527).

The Group establishes an allowance that represents its estimates of incurred losses in respect of trade and other receivables. The main components of the allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial assets are considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial assets.

Further details of credit risks on trade and other receivables are disclosed in Note 11.

25.2 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

25 Financial risk management objectives and policies (cont'd)

The table below analyses non-derivative financial liabilities of the Company and the Group into relevant maturity groupings based on the remaining period from the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

The Group	Less than 1 year US$	Between 2 and 5 years US$	Over 5 years US$	Total US$
At 31 March 2015				
Trade and other payables	**10,253,727**	**-**	**-**	**10,253,727**
Borrowings	**7,198,631**	**411,251**	**2,018**	**7,611,900**
	17,452,358	**411,251**	**2,018**	**17,865,627**
At 31 March 2014				
Trade and other payables	9,522,463	-	-	9,522,463
Borrowings	8,225,165	446,672	7,953	8,679,790
	17,747,628	446,672	7,953	18,202,253

The Company	Less than 1 year US$	Between 2 and 5 years US$	Over 5 years US$	Total US$
At 31 March 2015				
Trade and other payables	**498,888**	**-**	**-**	**498,888**
At 31 March 2014				
Trade and other payables	405,531	-	-	405,531

The Group manages the liquidity risk by ensuring that there are sufficient cash to meet all their normal operating commitments in a timely and cost-effective manner and having adequate amount of credit facilities.

The Company manages the liquidity risk as discussed in Note 2(a).

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily form their bank overdraft on which there are floating rates of interest, determined from time to time. All of the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 12 months (2014: less than 12 months) from the end of reporting period.

<u>Sensitivity analysis for interest rate risk</u>
Based on the volatility in interest rates in respect of the bank overdraft facility for the previous 12 months, the management estimates a range of 50 basis points to be appropriate. A decrease in market interest rate by 50 basis points, will lead to a decrease in finance cost by US$ 34,702 (2014 - US$ 39,667) resulting in an increase in profit and equity for the year ended 31 March 2015 and an equal and opposite effect in the case of an increase in the interest rates.

All other loans have a fixed rate of interest.

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign 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 arises when transactions are denominated in foreign currencies.

The Group operates and sells its products/services in several countries other than Singapore and transacted in foreign currencies. As a result the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to Indian Rupee.

However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The financial assets and liabilities are denominated in the following currencies:

The Group	**2015 INR**	**2015 LKR**	**2015 US$**	2014 INR	2014 LKR	2014 US$
Long-term financial assets	**-**	**-**	**-**	1,968,247	-	-
Trade and other receivables	**24,051,586**	**9,064**	**6,425**	21,493,385	-	7,296
Short-term financial assets	**1,066,390**	**-**	**-**	-	-	-
Cash and cash equivalents	**479,290**	**373**	**59,541**	1,017,211	-	47,731
	25,597,266	**9,437**	**65,966**	24,478,843	-	55,027
Borrowings	**(7,461,130)**	**-**	**-**	(8,515,605)	-	-
Trade and other payables	**(10,166,875)**	**(10,720)**	**(76,132)**	(9,456,802)	-	(65,661)
	7,969,261	**(1,283)**	**(10,166)**	6,506,436	-	(10,634)

The Company	**2015 INR**	**2015 LKR**	**2015 US$**	2014 INR	2014 LKR	2014 US$
Trade and other receivables	**-**	**-**	**5,685**	-	-	5,685
Cash and cash equivalents	**-**	**-**	**59,541**	-	-	47,731
	-	**-**	**65,226**	-	-	53,416
Trade and other payables	**(422,756)**	**-**	**(73,329)**	(345,908)	-	(59,623)
	(422,756)	**-**	**(8,103)**	(345,908)	-	(6,207)

If the INR and LKR all strengthened against the US$ by 5% (2014 - 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

The Group	**2015 Profit net of tax US$**	**2015 Equity US$**	2014 Profit net of tax US$	2014 Equity US$
	←------ Increase/(Decrease)			------→
INR	**269,182**	**269,182**	219,771	219,771
LKR	**(46)**	**(46)**	-	-

The Company	**2015 Profit net of tax US$**	**2015 Equity US$**	2014 Profit net of tax US$	2014 Equity US$
	←------ Increase/(Decrease)			------→
INR	**(17,544)**	**(17,544)**	(14,355)	(14,355)

25 Financial risk management objectives and policies (cont'd)

25.4 Foreign currency risk

If the INR and LKR weakened against the US$ by 5% (2014 - 5%) with all other variables including tax rate being held constant, it would have had the equal opposite effect on the amounts shown above, on the basis that all other variables remaining constant.

25.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

26 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Company's risk management capability;
(d) To provide an adequate return to shareholders; and
(e) To ensure that all externally imposed capital requirements are complied with.

The funding requirements are met through a mixture of equity and other long-term/short-term borrowings. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group monitors capital on the basis of the carrying amount of equity plus adjusted debts as presented in the statement of financial position. Adjusted debts is defined as total borrowings (excluding trade and other payables) less cash and cash equivalents. Three of the subsidiaries of the Group are required to maintain current ratio of less than 1.28x, total debt to total tangible net worth of less than 0.5x, total debt/Earnings Before Interest, Tax, Depreciation and Amortisation of less than 0.7x and return on capital employed of more than 17.76%. One of subsidiaries has breached externally imposed capital requirements for the financial years ended 31 March 2015 as per Note 16.2(iv) of the financial statements.

Total capital is calculated as equity plus net borrowings.

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:2.

Gearing has a significant influence on the Company's and the Group's capital structure and the Company and the Group monitor capital using a gearing ratio. The Group monitors gearing closely but has not set a definite ratio as it depends on the operational and investments requirement of the Group. The gearing ratio is calculated as adjusted debts divided by total capital.

The Group	**2015 US$**	2014 US$
Total equity	**10,547,642**	9,566,101
Adjusted debts	**6,921,926**	7,450,663
Total capital	**17,469,568**	17,016,764
Gearing ratio	**0.40**	0.44

26 Capital management (cont'd)

In order to maintain or adjust the capital structure, the Company and the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year.

27 Financial instruments

Accounting classifications of financial assets and financial liabilities

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Non-current assets				
Loans and receivables				
Long-term financial assets – restricted cash	**-**	1,968,247	**-**	-
Current assets				
Loans and receivables				
Trade receivables	**21,385,910**	19,471,527	**-**	-
Short-term financial assets – restricted cash	**1,066,390**	-	**-**	-
Other current assets	**2,542,650**	1,954,949	**5,685**	5,685
Related party receivables	**138,515**	74,205	**-**	-
Cash and bank balances	**539,204**	1,064,942	**59,541**	47,731
Total loans and receivables	**25,672,669**	24,533,870	**65,226**	53,416

	The Group		The Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Non-current Liabilities				
Carrying amount at amortised cost				
Borrowings	**364,179**	405,850	**-**	-
Current liabilities				
Carrying amount at amortised cost			**-**	-
Trade payables and other payables	**10,253,727**	9,522,463	**498,888**	405,531
Borrowings	**7,096,951**	8,109,755	**-**	-
Total financial liabilities	**17,714,857**	18,038,068	**498,888**	405,531

Fair values

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at financial position date would be significantly different from the values that would eventually be received or settled.

28 Events after end of reporting period

The Company and the Group

Subsequent to end of the reporting period, the Company announces that it, and its wholly-owned subsidiary, have entered into a conditional agreement to acquire the entire issued share capital of UK based property service company Office & General Group Limited ("O&G Group") for a total consideration of up to £6.5M (subject to certain potential adjustments) to be satisfied in cash and shares in the Company.