Mortice Limited
("Mortice" or the "Company" or the "Group")

Final Results

Strong growth continues to exceed expectations

Mortice Limited (AIM: MORT), the AIM listed security and facilities management company, announces its audited results for the year ended 31 March 2017. In terms of both revenue and profitability the Company is slightly ahead of already upgraded market expectations.

Financial Results Highlights

- Revenues up 36.7% to $181.01m (FY 2016: $133.04m)
  - Security services sales up 29% to $98.2m (FY 2016: $76.2m) - 54% of Group revenues (FY 2016: 57%)
  - Facilities Management revenues up 45% to $82.5m (FY 2016: $56.8m) – 46% of Group revenues (FY 2016: 43%)
  - Geographical revenue mix :
    - *India 64% (FY 2016: 75%)*
    - *UK 31% (FY 2016: 23%)*
    - *Singapore 5% (FY 2016: 2%)*
- EBITDA up 114 % to $10.3 m (FY 2016: $4.8m)
  - EBITDA margin of 5.7% (FY 2016: 3.6%) driven by increased revenues, synergies and cost control
- PBT up 232 % to $5.4m (FY 2016: $1.6m)
- Placing in December 2016 raised £2.3m
  - Reduced indebtedness and provided balance sheet flexibility to pursue growth opportunities
- Net debt of $13.5m (FY 2016: $14.5m)

Operational Highlights

- New clients added during the period, including: J&K Bank, Amazon and Kotak Mahindra Bank in India and Amey, CBRE and the University of Arts London in the UK.
- More than 90% of income generated from repeat business
- Appointment of two new non-executive directors
- Cost optimisation programme undertaken with Office & General ("O&G") and Frontline Security Pte. Ltd ("Frontline") fully integrated and rebranded
- Growing global footprint

Post Period End Highlights

- £4.5m acquisition of Manchester-based Elite Cleaning & Environmental Services Ltd ("Elite") on a cash-free, debt-free basis
  - Acquisition brings further growth in UK operations, opportunity to build on existing blue-chip client base and is earnings enhancing

Commenting, Manjit Rajain, Executive Chairman of Mortice, said: *"The Company expects to build on the strong performance achieved during the period. Having fully integrated O&G and Frontline we have a strong international presence and as such are being asked to tender for an increasing number of global contracts. Furthermore, the current year has started well with high levels of organic growth as well as the first contributions from Elite, which was acquired in April 2017.*

"Importantly, the large proportion of repeat business provides a strong foundation for growth and ensures high levels of visibility and confidence regarding future performance. The Company has come a long way in the last few years and has a model in place that looks set to underpin continued growth. Margins have already improved significantly, which is a testament to our cost control and our ability to bid for and win profitable underlying work. With still further margin improvement expected from streamlined operations, a strong and growing list of blue chip clients and increasing demand across both the security and facilities management parts of the business, we are extremely excited about our growth prospects."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

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About Mortice Limited

Mortice (AIM: MORT), is an AIM listed security and facilities management company, incorporated in Singapore and based in India with additional operations in Singapore and the UK.

Mortice operates under two brands, in India:

- **Peregrine –** provision of guarding and security services to a wide range of clients from blue-chip companies, smaller businesses, commercial and private properties, and individuals.

- **Tenon** – provision of a full range of facilities management services to corporate occupiers, owners and developers of real estate. Clients include respected blue-chip and home-grown companies. Within the Tenon group of companies Mortice also offers security surveillance services through its subsidiary Soteria and mechanical and engineering services via Rotopower.

The business is growing and profitable and is focused on expanding its geographical footprint and growing through targeted acquisitions, as well as organically.

In 2015, the Company established Tenon UK and through this wholly owned subsidiary acquired UK based Office & General Group Limited, an independent property service company specialising in cleaning and providing support services such as environmental solutions and built fabric maintenance in the UK. Office & General Group Limited has been fully integrated and re-branded as Tenon FM Ltd. For more information see: www.tenon-fm.com/what-we-do

In April 2017, Tenon UK completed the acquisition of Manchester-based Elite Cleaning & Environmental Services Ltd ("Elite"). Elite has a strong blue-chip client base, which is complementary to the Company's existing UK portfolio.

In November 2015, the Company acquired a 51% majority stake in Singapore-based security company Frontline Security Pte. Ltd, and has an option to acquire an additional 25% within three years.

Learn more about Mortice through this video interview with Manjit Rajain, Executive Chairman of Mortice:
www.brrmedia.co.uk/broadcasts/57c94e8cd6c09fd74b0ae623/mortice-unlocking-potential

Chairman's Statement

Overview

This was another period of strong growth across all parts of the business as Mortice expanded operations in India, Singapore and the UK. Having fully bedded in O&G and Frontline, the Company benefited from a streamlined operations platform as it focused on winning and servicing new clients. Building on a robust first half, the Company's strong performance during the second half of the year was pleasing, reflecting the benefits of the expanded global reach.

As well as servicing existing long-term contracts Mortice continued to win new business, benefiting from its growing international reach and offering. As such, India accounted for 64% of revenues (2016: 75%) with the relative decline in percentage terms in line with management's expectations. India continues to provide strong growth opportunities with the securities market expected to grow in excess of 20% per year with a shift towards 'compliant' security services and outsourced facilities management underpinning continued growth opportunities.

It is worth noting that the biggest tax Reform in India - The Goods and Service Tax was implemented on 01 July 2017. This will bring in some positive changes in the industry - namely higher GDP growth, lower inflation and a simple tax structure, resulting in increased transparency and we expect a positive knock-on effect for our operations.

The internationalisation of the Company's operations meant that it benefited from growing levels of cross selling to existing clients with global operations while also tendering for an increasing number of facilities management and security contracts outside of India.

The Company continued to trade strongly in the UK having fully integrated and rebranded O&G, which added several new contracts and further grew its blue-chip customer base. O&G continued to strengthen its relationships with universities, following up last year's £55m contract with the University of Herefordshire with the appointment to London Universities' £60m framework during the period under review while also strengthening its relationship with the University of Arts London.

Results

Revenues grew 36% to $181.01.5m (FY 2016: $133.04m) during the period with profits before tax of $5.4m (FY 2016: $1.6m), as the Company continued to benefit from margin growth having rebranded operations and rebased its capital structure. All parts of the business benefited from growing demand from existing and new clients as the Company continued to increase its international presence as well as cross-selling capabilities. Furthermore, the like-for-like performance of operations in India was strong with sales growing to $115.4m.

Approximately $66m of sales were from outside of India with UK-based property service company O&G contributing $55.5m, compared to $30.9m for the seven months trading post acquisition last year. Singapore-based Frontline contributed $10.2m compared to $2.9m for the five months trading post acquisition last year.

EBITDA was $10.3m compared to $4.8m the previous year, This reflected an increased EBITDA margin of 5.7% (FY 2016: 3.6%) driven by synergies, cost control and revenue growth. PBT for the period under review was $5.4m, compared to $1.6m the previous year.

During the financial year, the Company raised £2.3m via a placing in order to reduce net debt, which was $13.5m as at 31 March 2017 (FY 2016: $14.5m), while providing it with additional balance sheet flexibility to pursue various growth opportunities.

Cash generated from operations was $3.1m compared to $4.3m the previous year This year included the repayment of $2.8m of regulatory statutory dues.

India
Currency fluctuations impacted revenue growth in dollar terms from India. Sales grew 19% from INR 6.5 Bn to INR 7.7 Bn, however once converted to dollars the increase was 16.2%, growing from $99.29m to $115.4m during the period.

PBT grew 47% from INR 45.9m to INR 307.8 m , however once converted to dollars the increase was 44%, growing from $3.9 m to $ 4.6 m during the period.

The robust growth in India was due to the repeat business from the existing clients, addition of new clients and incremental statutory minimum wages. Client retention ratio is more than 90%.

*Conversion rate 1 INR: $67.09

Rest of World
O&G continued to build on the momentum achieved since being acquired in 2015 and has now been fully integrated and re-branded as Tenon FM Ltd. Trading continued to be robust during the period.

Sales grew 107% from £20.5m to £42.4m, however once converted to dollars the increase was 80%, growing from $30.8m to $55.5m during the period.

As previously stated, the Company sees plenty of scope for organic and acquisitive growth in the UK and post the period end completed the £4.5m acquisition of Manchester-based Elite Cleaning & Environmental Services Ltd ("Elite"), which is already having a positive impact on performance as highlighted by the $3.5m contribution to sales during the first quarter of the current year. The Company believes further acquisition opportunities exist, where targets will benefit from Mortice's infrastructure and global scale, driving improved performance from the acquired businesses, as demonstrated with both its UK acquisitions to date.

Frontline in Singapore also performed well during the period under review. Revenues for the period grew by 252% to $10.2m (FY 2016: $2.9m) with PBT Margin for the period increasing 6% to 18% (FY 2016: 12%). During the year, Frontline won a number of new contracts, increasing visibility and confidence in its growth prospects.

The security industry in Singapore is very progressive and margins are relatively high when compared with the UK and India. Furthermore, Government grants to security service providers who are providing services in Singapore are benefiting our operations and top-line.

Soteria

Soteria, which offers managed remote surveillance services using an IBM platform, gained further momentum during the period, winning a major contract with IDFC Bank. The focus remains on large contracts and improving both the top-line and bottom-line with Soteria well placed to grow its market presence as it progresses towards profitability.

Strengthened Team
In May 2016, the Company appointed Pallavi Bakhru and Richard Gubbins as Non-Executive Directors. Their appointments help strengthen the Board as it continues its growth strategy, particularly in an international context, given both of their experience in cross-border enterprises.

The Company also appointed Mr Sandeep Kumar Gupta as Group CFO in January 2017 with a view to assisting the growth of Mortice, particularly in evaluating and undertaking acquisition, investment and strategic opportunities.

Outlook

The Company expects to build on the strong performance achieved during the period. Having fully integrated O&G and Frontline we have a strong international presence and as such are being asked to tender for an increasing number of global contracts. Furthermore, the current year has started well with high levels of organic growth as well as the first contributions from Elite, which was acquired in April 2017.

Importantly, the large proportion of repeat business provides a strong foundation for growth and ensures high levels of visibility and confidence regarding future performance. The Company has come a long way in the last few years and has a model in place that looks set to underpin continued growth. *Margins have already improved significantly, which is a testament to our cost control and our ability to bid for and win profitable underlying work.* With still further margin improvement expected from streamlined operations, a strong and growing list of blue chip clients and increasing demand across both the security and facilities management parts of the business, we are extremely excited about our growth prospects.

Manjit Rajain

Chairman

21 July 2017

Extracts from the audited financial statements are provided, below, and the full version of the audited financial statements will be available on the Company's website: www.morticegroup.com*. The Annual Report for the year-ended 31 March 2017 will be posted to shareholders in due course.*

Consolidated statement of financial position
as at 31 March 2017

	Note	**2017**	2016
		US$	US$
ASSETS			
Non-current assets			
Goodwill	4	**9,720,662**	10,778,246
Other intangible assets	5	**6,411,934**	8,359,658
Property, plant and equipment	6	**3,563,495**	3,450,121
Long-term financial assets	7	**1,337,279**	834,012
Deferred tax assets	8	**2,598,885**	2,149,001
Other non-current assets	9	**283,396**	261,256
		23,915,651	25,832,294
Current assets			
Inventories	10	**438,262**	400,441
Trade and other receivables	11	**41,088,797**	35,634,965
Current tax assets		**3,188,355**	2,899,652
Cash and cash equivalents	12	**3,559,410**	1,610,019
		48,274,824	40,545,077
Total assets		**72,190,475**	66,377,371
EQUITY AND LIABILITIES			
Equity			
Issued capital	13	**15,740,501**	13,068,612
Reserves	14	**3,825,281**	1,135,160
Equity attributable to owner of parent		**19,565,782**	14,203,772
Non-controlling interests		**2,706,558**	1,908,608
Total equity		**22,272,340**	16,112,380
Non-current liabilities			
Employee benefit obligations	15	**1,965,728**	1,371,442
Deferred tax liabilities	8	**1,308,997**	1,533,965
Borrowings	16	**3,684,822**	5,883,873
		6,959,547	8,789,280
Current liabilities			
Trade and other payables	17	**28,866,402**	30,557,794
Employee benefit obligations	15	**750,108**	`666,625
Borrowings	16	**13,342,078**	10,251,292
		42,958,588	41,475,711
Total liabilities		**49,918,135**	50,264,991
Total equity and liabilities		**72,190,475**	66,377,371

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 2017

	Note	**2017** **US$**	2016 US$
Income			
Service revenue		**181,011,783**	133,041,250
Other income	18	**1,479,799**	492,768
Total income		**182,491,582**	133,534,018
Expenses			
Staff and related costs		**154,323,800**	114,259,349
Materials consumed		**7,259,821**	6,625,629
Other operating expenses		**10,563,674**	7,813,503
Depreciation and amortization		**2,257,034**	1,384,771
Finance costs	19	**2,734,778**	1,839,132
Total expenses		**177,139,107**	131,922,384
Profit before taxation		**5,352,475**	1,611,634
Taxation	20	**(1,943,228)**	(744,069)
Profit for the year		**3,409,247**	867,565
Other comprehensive income net of tax:			
- Items that will not be reclassified subsequently to profit or loss			
Re-measurement in net defined benefit liability		**(59,493)**	(151,816)
- **Items that may be reclassified subsequently to profit or loss**			
Currency translation differences		**138,317**	(502,280)
Total comprehensive income for the year		**3,488,071**	213,469
Profit attributable to:			
- Owners of the parent		**2,629,329**	698,832
- Non-controlling interests		**779,918**	168,733
		3,409,247	867,565
Total comprehensive income attributable to:			
- Owners of the parent		**2,690,121**	171,951
- Non-controlling interests		**797,950**	41,518
		3,488,071	213,469
Earnings per share			
Basic and diluted	21	**0.05**	0.01

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

Consolidated statement of changes in equity
for the financial year ended 31 March 2017

	Equity 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 2015	**9,555,312**	**(3,193,804)**	**4,157,013**	**10,518,521**	**29,121**	**10,547,642**
Transaction with owners						
Issue of new equity	3,513,300			3,513,300	-	3,513,300
Business acquisition of Frontline Security Pte. Limited					1,837,969	1,837,969
Profit for the year	-	-	698,832	698,832	168,733	867,565
Other comprehensive income						
Exchange differences on translating foreign operations	-	(404,592)	-	(404,592)	(97,688)	(502,280)
Re-measurement of net defined benefit liability	-	-	(122,289)	(122,289)	(29,527)	(151,816)
Total comprehensive income	-	**(404,592)**	**576,543**	**171,951**	**41,518**	**213,469**
Balance at 31 March 2016	**13,068,612**	**(3,598,396)**	**4,733,556**	**14,203,772**	**1,908,608**	**16,112,380**
Balance at 1 April 2016	**13,068,612**	**(3,598,396)**	**4,733,556**	**14,203,772**	**1,908,608**	**16,112,380**
Transaction with owners						
Issue of new equity	2,671,889			2,671,889		2,671,889
Business acquisition of Frontline Security Pte. Limited						
Profit for the year	**-**		**2,629,329**	**2,629,329**	779,918	3,409,247
Other comprehensive income						
Re-measurement of net defined benefit liability	-	-	(59,187)	(59,187)	(306)	(59,493)
Exchange differences on translating foreign operation		119,979		119,979	18,338	138,317
Total comprehensive income	-	119,979	**2,570,142**	**2,690,121**	**797,950**	**3,488,071**
Balance at 31 March 2017	**15,740,501**	**(3,478,417)**	**7,303,698**	**19,565,782**	**2,706,558**	**22,272,340**

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

Consolidated statement of cash flow
for the financial year ended 31 March 2017

	Note	**2017 US$**	2016 US$
Cash flows from operating activities			
Profit before taxation		**5,352,475**	1,611,634
Adjustments for non-cash item:			
Depreciation and amortization		**2,257,035**	1,384,771
Interest expense	19	**2,734,777**	1,839,132
Interest income	18	**(235,281)**	(161,511)
(Gain)/loss on disposal of property, plant and equipment		**14,923**	33,192
Impairment of trade receivables		**585,839**	619,478
Foreign exchange gain		**1,508,760**	(17,061)
Operating profit before working capital changes		**12,218,528**	5,309,635
(Increase)/decrease in inventories		**(33,098)**	35,135
Increase in trade and other receivables		**(5,290,148)**	(4,729,091)
Increase in trade and other payables		**(1,440,384)**	5,470,136
Cash generated from operations		**5,454,898**	6,085,815
Income taxes paid		**(2,309,059)**	(1,811,753)
Net cash generated from/(used in) operating activities		**3,145,839**	4,274,062
Cash flows from investing activities			
Acquisition of other intangible assets	5	**(226,806)**	(193,437)
Acquisition of property, plant and equipment	6	**(858,940)**	(863,594)
Acquisition of subsidiaries net of cash		**-**	(4,992,822)
Deposit for purchase of property		**(15,566)**	(61,547)
Advances to/(repayment by) related parties		**-**	-
Proceeds from disposal of property, plant and equipment		**8,004**	30,523
Interest received		**817,266**	814,588
Net cash used in investing activities		**(276,042)**	(5,266,289)
Cash flows from financing activities			
Repayment of finance lease obligations		**(649,196)**	(664,367)
Placement of pledged fixed deposit		**(459,961)**	(817,271)
Withdrawal of pledged fixed deposit		**-**	918,071
Proceeds from/ (Repayment) of short-term demand loans from banks		**(2,998,041)**	4,071,330
Proceeds from other bank borrowings		**3,702,392**	1,000,000
Proceeds from issue of share capital		**2,671,889**	-
Repayment of other bank borrowings		**-**	(177,511)
Interest paid		**(3,310,765)**	(2,335,888)
Net cash (used in)/generated from financing activities		**(1,043,682)**	1,994,364
Net increase/(decrease) in cash and cash equivalents		**1,826,115**	1,002,137
Cash and cash equivalents at beginning		**1,610,019**	539,204
Exchange differences on translation		**123,276**	68,678
Cash and cash equivalents at end	12	**3,559,410**	1,610,019

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 2017

1 Introduction

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 2017 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, United Kingdom, Singapore and Sri Lanka. The various entities comprising the Group have been defined below:

Name of subsidiaries	Country of incorporation	Effective group shareholding (%)
Held by Mortice Limited		
Tenon Facility Management India Private Limited *(formally Tenon Property Services Private Limited)*	India	99.48
Tenon Facility Management UK Limited	United Kingdom	100
Tenon Facility Management Singapore Pte Limited	Singapore	100
Tenon Property Services Lanka Private Limited	Sri Lanka	100
Held by Tenon Facility Management India Private Limited *(formally Tenon Property Services Private Limited)*		
Peregrine Guarding Private Limited ('PGPL')	India	100
Tenon Support Services Private Limited ('Tenon Support')	India	100
Tenon Project Services Private Limited ('Tenon Project')	India	100
Roto Power Projects Private Limited ('Roto')	India	99.95
Soteria Command Centre Private Limited ('Soteria')	India	100
Held by Tenon Facility Management UK Limited		
Office and General Group Limited	United Kingdom	100
Held by Tenon Facility Management Singapore Pte Limited		
Frontline Securities Pte Limited	Singapore	51

These audited consolidated financial statements were approved by the Board of Director on 21st July 2017.

The immediate and ultimate holding company is Mancom Singapore PTE LTD., a Company incorporated in Singapore. (In the previous year Mancom Holding Limited was a Ultimate holding company)

2 Basis of preparation

2.1 General information and statement of compliance with IFRS

The Consolidated financial statements for the year ended 31 March 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared under the historical cost convention on a going concern basis.

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.

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 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.

2.2 Significant judgments in applying accounting policies

Income tax (Note 20)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgments are 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.

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 recognizes 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 taxes rules in India, United Kingdom, 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 utilized without a time limit, that deferred tax asset is usually recognized 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 (net of deferred tax liabilities) amounting to US$ 1,289,888 (2016 - US$ 615,036) 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.

Critical accounting estimates and assumptions used in applying accounting policies

Impairment tests for cash-generating units containing goodwill (Note 4)

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segments as follows:

	2017 US$	2016 US$
Mechanical and engineering maintenance services		
- Roto Power Projects Private Limited	**782,961**	811,079
- Office & General Environment	**6,655,764**	7,602,981
Guarding services		
- Frontline Securities Pte Ltd	**2,281,937**	2,364,186

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 in Note 4 to the financial statements:

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.

The carrying amount as at 31 March 2017 was disclosed in Note 4 to the financial statements.

Depreciation of property, plant and equipment (Note 6)

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 2017 is US$3,563,509 (2016 – US$3,450,121). 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.

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.

Valuation of gratuity benefits and long term compensated absences (Note 15)

The present value of the post-employment gratuity benefits 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 include the standard rates of inflation and salary increase. Any changes in these assumptions will impact the carrying amount of gratuity benefits.

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. 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 2017 was disclosed in Note 15 to the financial statements.

2.3 New and revised standards that are effective for annual periods beginning on or after 1 April 2016

A number of new and revised standards are effective for annual periods beginning on or after 1 April 2016. Information on these new standards is presented below.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

This amendment is applied prospectively. Assets (or disposal Groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is effective for annual periods beginning on or after 1 January 2016. This amendment is not relevant to the Group, since none of the entities within the Group has disposed of either through sale or distribution to owners.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment is effective for annual periods beginning on or after 1 January 2016. This amendment does not impact the Group financial statements as the Company has not revalued its tangible assets and intangible assets.

IFRS 7 Financial Instruments: Disclosures

a) Servicing contracts

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
- The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.
- This amendment is effective for annual periods beginning on or after 1 January 2016.

b) Applicability of the offsetting disclosures to condensed interim financial statements

The amendment must be applied retrospectively. The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is effective for annual periods beginning on or after 1 January 2016. Since Group is preparing annual financial statement, thus this amendment is not applicable to the Group.

Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. This amendment is effective for annual periods beginning on or after 1 January 2016. This amendment is not applicable on the Group.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. This amendment is effective for annual periods beginning on or after 1 January 2016. The Group has not entered into any joint arrangements, hence this is not applicable.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 include narrow-focus improvements in the following five areas:

- Materiality – The amendments re-emphasise that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted.

- Disaggregation and subtotals – The amendments clarify that specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated. For additional subtotals presented in the statement(s) of profit or loss and other comprehensive income, an entity must also present the line items that reconcile any such subtotals with the subtotals or totals currently required in IFRS for such statement(s).

- Notes structure – The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered by an entity when deciding on that order.

- Disclosure of accounting policies – The amendments remove the examples of significant accounting policies in the Standard, i.e., the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be.

- Presentation of items of other comprehensive income arising from equity accounted investments – The amendments also clarify that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss.

The management does not anticipate a material impact on the Group's consolidated financial statements from application of this amendment.

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

Summarized 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 adopted 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.

IAS 7 Statement of cash flows
Applicable for annual periods beginning on or after 1 January 2017

This amendment requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

IFRS 2 Share based payment
Applicable for annual periods beginning on or after 1 January 2018

This amendment provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The Group is currently evaluating the impact that these new standards will have on its consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers'
Applicable for annual periods beginning on or after 1 January 2018

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption

permitted. The Group is currently evaluating the impact that this new standard will have on its consolidated financial statements.

IFRS 16 'Leases'
Applicable for annual periods beginning on or after 1 January 2019

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. A lessee applies IFRS 16 for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

2.5 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.

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 1 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.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is an instrument and within the scope of IAS 39 *Financial Instrument: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

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.

<u>Disposals</u>

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.

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.

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 located in India, United Kingdom, Singapore and Sri Lanka is Indian Rupees (INR), Great Britain Pounds, Singapore Dollars and Sri Lankan Rupees respectively.
For the purpose of consolidation, management has chosen to present the consolidated financial information in US$, which is the functional currency of the Company.

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 exchange translation reserve.

Other intangible assets

The Group’s other intangible assets include licence, externally acquired customer relationships, brands and which are further described in Note 5 to the financial statements.

License

licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortization and accumulated impairment losses. License is amortized 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 ten years, which is considered the useful life of the asset.

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 generated at the time of acquisition of Roto Power Projects Private Limited 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.

Management considers the life of the brand generated at the time of acquisition of Office and General Group Limited and Frontline Securities Pte Limited to be five years.

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

This 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 expenditure on the maintenance of computer software is 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.

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 offset 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 2017, 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.

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 the 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-term 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 write back 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.

Equity capital

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

Borrowings are recognised initially at the fair value 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 term was for a period longer than 12 months, 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 plus transaction costs, and subsequently measured at amortised cost, using the effective interest method. Payables include trade and the other payables in the statement of financial position.

Leases
Where the Group is the lessee,

<u>Finance leases</u>

Where assets are financed by lease agreements that transfers risks and rewards incidental 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 determined at the inception of the lease. The corresponding lease commitments are included under liabilities except for any initial direct costs of the lessee that are added to the amount recognised as an asset. 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”.

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

<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.

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 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 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 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 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 affects goodwill on acquisition.

Deferred income tax assets and liabilities are offset 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.

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 recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through statement of profit and loss in the period in which they occur.

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.

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.

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 comprises 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:

Rendering of services

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.

Revenue from contracts with customers

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.

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.

Acquisitions in 2015-16

Office and General Group Ltd (O&G)

On 7 September 2015, Tenon Facility Management UK Limited, a wholly-owned subsidiary of Mortice, group acquired the 100% voting interest in Office and General Group Ltd (O&G) a London-based property services company. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of GBP 2,838,000 (equivalent USD 4,296,733) and 3,000,000 new ordinary shares of Mortice Limited (initial consideration shares) issued to the vendor at guaranteed price of GBP 1. The contingent consideration is estimated to be 500,000 new ordinary shares of Mortice Limited to be issued at guaranteed price of GBP 1 on the second anniversary of the completion of the acquisition subject to meeting the conditions including settlement of future tax or other liabilities specified in the share purchase agreement.

The vendor shall be entitled to sell, transfer or otherwise dispose up to 50 percent of the initial consideration shares at any time before the second anniversary provided that such shares are first offered to such person as the buyer nominates at the same price and same terms as that may have

been offered to any proposed buyer or transferee. The vendor shall be entitled to sell 66.67 percent of the initial consideration shares (less shares sold before the second anniversary) on completion of the second anniversary and the remaining initial consideration shares on completion of the third anniversary at a price of GBP 1.

Frontline Security Pte Limited

On 9 November 2015, Tenon Facility Management Singapore Pte. Limited, a wholly-owned subsidiary of Mortice, group acquired the 51% voting interest in Frontline Security Pte. Limited, a Singapore based securities and product company for a consideration of SGD 3,287,210 (equivalent USD 2,310,013) in cash. The group has elected to measure the non-controlling interest at fair value.

Assets acquired and liabilities assumed

	Office and General Group Limited (O&G)	Frontline Security Pte. Limited. Limited	Total
Assets Acquired	**US$**	**US$**	**US$**
Property, plant and equipment	1,256,825	57,250	1,314,075
Intangible assets	6,828,141	1,725,909	8,554,050
Inventories	249,861	-	249,861

Trade and other receivables	7,604,694	1,000,757	8,605,451
Cash and cash equivalents	115,939	90,180	206,119
Other Assets	349,507	253,472	602,979
Total assets	**16,404,967**	**3,127,568**	**19,532,535**
Liabilities assumed			
Borrowings	1,741,100	-	1,741,100
Deferred tax liabilities	1,365,628	293,405	1,659,033
Other liabilities	7,649,945	435,304	8,085,249
Trade and other payables	4,148,647	615,063	4,763,710
Total liabilities	**14,905,320**	**1,343,772**	**16,249,092**
Identifiable net assets at fair value	**1,499,647**	**1,783,796**	**3,283,443**
Goodwill on acquisition	7,903,869	2,364,186	10,268,055
Non-controlling interest at fair value	-	(1,837,969)	(1,837,969)
Purchase consideration transferred	**9,403,516**	**2,310,013**	**11,713,529**
Purchase Consideration			
Consideration transferred settled in cash	4,296,733	902,208	5,198,941
Shares issued at fair value	3,513,300	-	3,513,300
Fair value of contingent consideration	444,457	-	444,457
Deferred consideration	-	1,407,805	1,407,805
Financial liability measured at fair value	1,149,026	-	1,149,026
Total consideration	**9,403,516**	**2,310,013**	**11,713,529**

Analysis of cash flow on acquisitions

	Office and General Group Limited (US$)	Frontline Security Pte. Limited. Limited (US$)	Total (US$)
Transaction cost of acquisition (included in cash flow from operating activities)	590,412	101,235	691,646
Net cash acquired from subsidiaries (Included in cash flow from investing activities)	115,939	90,180	206,119

The fair value of trade receivables amounted to $ 8,954,958. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

Deferred tax liabilities have been recognized on the acquired intangible assets.

The goodwill of $10,268,055 comprised of value of expected synergies arising from acquisition which was not separately recognized. The goodwill of $7,903,869 accounted on acquisition Office and General Group Limited was entirely allocated to facility management and goodwill of $2,364,186 accounted on acquisition of Frontline Security Pte. Limited was entirely allocated to guarding services. None of the goodwill recognised on acquisition is expected to be deductible for tax purposes.

The fair value measurement was based on significant input that is not observable in the market. The fair value estimate based on;

- Annual discount rate in the range of 8% to 10%.
- Terminal value based on the long term sustainable growth rate for the industry is 2%.

On acquisition of Frontline Securities Pte Limited, the fair value of non-controlling interest has been estimated using the discounting techniques.

From the date of acquisition Office and General Group Limited contributed $30,860,219 of revenue and profit before tax $158,522 for the year ended 31 March 2016. If the combination had taken place at 1 April 2015 revenue from continuing operations would have been $55,859,824 and the profit after tax for the year ended 31 March 2016 would have been $ 113,356.

From the date of acquisition office and Frontline Securities Pte. Limited contributed $2,886,660 of revenue and profit after tax $357,231 for the year ended 31 March 2016. If the combination had taken place at 1 April 2015 revenue from continuing operations would have been $ 6,545,177 and the profit after tax for the year ended 31 March 2016 would have been $ 897,818.

4 Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2017	**2016**
Gross carrying amount	**US $**	**US $**
Balance 1 April	**10,778,246**	765,323
Acquired through business combination	**-**	10,313,811
Net exchange difference	**(1,057,584)**	(300,888)
Balance 31 March	**9,720,662**	10,778,246
Accumulated impairment	**-**	-
Carrying amount at 31 March	**9,720,662**	10,778,246

<u>Impairment testing of goodwill</u>

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	2017	2016
	US $	US $

Guarding Services	**2,281,939**	2,364,186
Facilities Management	**7,438,723**	8,414,060
	9,720,662	10,778,246

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of each operating segment is set out below:

	2017 **US $**	2016 US $
Guarding Services	**14,492,229**	**8,771,808**
Facilities Management	**35,975,530**	**32,771,689**

Key assumptions used for value-in-use calculations: (Year 2017)

Segment	Office and General Group Limited (O&G) Facilities Management	Frontline Security Services Pte. Limited Guarding Services	Roto Power Projects Privat Limited Facilities Management
	2017	**2017**	**2017**
Net margin (1)	**2%-3%**	**12%-14%**	**5%-7%**
Annual Growth rate (2)	**9%-10%**	**4%-5%**	**6%-10%**
Long term Growth rate (2)	**2%**	**2%**	**5%**
Discount rate (3)	**10%**	**12%**	**20%**

Key assumptions used for value-in-use calculations: (Year 2016)

Segment	Office and General Group Limited (O&G) Facilities Management	Frontline Security Services Pte. Limited Guarding Services	Roto Power Projects Privat Limited Facilities Management
	2016	**2016**	**2016**
Net margin (1)	**2%-4%**	**7%-11%**	**3%-8%**
Annual Growth rate (2)	**6%-15%**	**6%-15%**	**5%-11%**
Long term Growth rate (2)	**2%**	**2%**	**5%**
Discount rate (3)	**11%**	**8%**	**21%**

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 operating 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 2017, goodwill in respect of the acquisition of Roto Power Projects Private Limited, Office and General Group Limited and Frontline Securities Pte Limited was not impaired

5 Other intangible assets

	Brands US$	Customer Relationships US$	License US$	Software US$	Intangible assets under development US$	Total US$
Cost						
Balance as at 1 April 2015	46,546	66,481	82,414	-	143,791	339,232
Addition during the year	-	-	8,579	-	184,858	193,437
Acquisition through business combination	3,210,153	5,343,897	-	-	-	8,554,050
Translation adjustment	(2,626)	(3,749)	(4,762)	-	(10,541)	(21,678)
Balance as at 31 March 2016 and 1 April 2016	3,254,073	5,406,629	86,231	-	318,108	9,065,041
Addition during the year	-	-	386	544,529	226,420	771,335
Disposals/Transfers	-	-	-	-	(544,529)	(544,529)
Translation adjustment	(439,320)	(717,375)	1,988	7,331	1	(1,147,375)
Balance as at 31 March 2017	**2,814,753**	**4,689,254**	**88,605**	**551,860**	-	**8,144,472**
Accumulated amortization						
Balance as at 1 April 2015	-	66,481	6,041	-	-	72,522
Amortisation during the year	344,084	285,159	7,811	-	-	637,054
Translation adjustment	-	(3,750)	(443)	-	-	(4,193)
Balance as at 31 March 2016 and 1 April 2016	344,084	347,890	13,409	-		705,383
Amortisation during the year	575,751	480,434	8,263	52,788	-	1,117,236
Translation adjustment	(50,828)	(40,148)	388	507	-	(90,081)
Balance as at 31 March 2017	**869,007**	**788,176**	**22,060**	**53,295**	-	**1,732,538**
Carrying value						
At 31 March 2016	2,909,989	5,058,739	72,822	318,108	-	8,359,658
At 31 March 2017	**1,945,746**	**3,901,078**	**66,545**	**498,565**	-	**6,411,934**

Customer relationships are determined to have a finite life and are amortized 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 for the year ended 31 March 2016 included customized software ("Ramco) which has been capitalized during the year on 1 December 2016.

Management considers the life of the brand generated at the time of acquisition of Roto Power Projects Private Limited to be indefinite. The brand will not be amortised until its useful life is determined to be indefinite. It is tested for impairment annually and whenever there is an indication that it may be impaired. The carrying value of brand is US$ 44,932 (2016 – US$ 46,508).

Management considers the life of the brand generated at the time of acquisition of Office and General Group Limited and Frontline Securities Pte Limited to be five years. The carrying value of brand is US$ 1,900,814 (2016 – US$ 2,863,481).

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 2017, the carrying amount of brands is not impaired.

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

6 Property, plant and equipment

Cost	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$
At 1 April 2015	485,404	157,360	1,227,570	565,464	156,882	1,218,174	394,998	4,205,852
Acquisition through business combination	36,321	1,076,444	1,287,787	151,779		1,942,886		4,495,417
Addition during the year	267,828	144,406	343,433	49,774	-	222,041	92,624	1,120,106
Disposals	-		-	(1,020)	-	(245,896)	-	(246,916)
Translation adjustment	(28,800)	(73,897)	(137,183)	(41,533)	(8,850)	(183,602)	(23,501)	(497,366)
At 31 March 2016 and 1 April 2016	760,753	1,304,513	2,721,607	724,464	148,032	2,953,603	464,121	9,077,093
Addition during the year	46,225	154,525	484,746	27,351	30,600	525,905	130,434	1,399,786
Disposals	-		-	-	-	(120,660)	-	(120,660)
Translation adjustment	16,314	(133,135)	(137,402)	22,028	4,477	(219,012)	15,220	(431,510)
At 31 March 2017	**823,292**	**1,325,903**	**3,068,951**	**773,843**	**183,109**	**3,139,836**	**609,775**	**9,924,709**
Accumulated depreciation and Impairment								
At 1 April 2015	304,640	106,489	644,416	351,180	87,338	697,738	-	2,191,802
Acquisition through business combination	33,387	993,184	1,013,340	73,990		1,067,441		3,181,342
Charge for the year	104,725	(87,464)	271,571	106,398	20,656	331,831	-	747,717
Disposals	-	-	-	(1,020)	-	(182,181)	-	(183,200)
Translation adjustment	(16,700)	(57,760)	(95,876)	(27,392)	(5,199)	(107,762)	-	(310,689)
At 31 March 2016 and 1 April 2016	426,052	954,449	1,833,451	503,156	102,795	1,807,069	-	5,626,972
Charge for the year	156,254	121,262	356,567	67,259	19,871	418,585	-	1,139,798
Disposals	-	-	-	-	-	(97,733)	-	(97,733)
Translation adjustment	13,264	(105,984)	(107,949)	19,752	3,060	(129,966)	-	(307,823)
At 31 March 2017	**595,570**	**969,727**	**2,082,069**	**590,167**	**125,726**	**1,997,955**	**-**	**6,361,214**
Net book value								
At 31 March 2016	334,701	350,064	888,156	221,308	45,237	1,146,534	464,121	3,450,121
At 31 March 2017	**227,722**	**356,176**	**986,882**	**183,676**	**57,383**	**1,141,881**	**609,775**	**3,563,495**

* The net book value of motor vehicles acquired under finance leases for the Group amounted to US$ 453,100 (2016 – US$ 1,165,975). Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US$ 409,796 (2016 – US$514,465) (Note 16.2).

7 Long-term financial assets

	2017 US$	2016 US$
Restricted cash		
- Due not later than one year	1,331,110	827,982
- Due later than one year	6,169	6,030
	1,337,279	**834,012**

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 7.48% (2016 - 8.15%) 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 2017 to be similar. The restricted cash is in the nature of long term financial assets since these are margin money with the customer and bank which are related to the performance obligation.

8 Deferred tax assets (net)

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:

	2017 US$	2016 US$
Movements in deferred income tax account are as follows:		
Balance at beginning	**615,026**	1,901,826
Transfer from		
- Profit or loss	**572,636**	535,115
- Exchange adjustment	**102,226**	(162,872)
-Deferred tax acquired in business combination	**-**	(1,659,033)
Balance at end	**1,289,888**	615,036
Deferred tax assets	**2,598,885**	2,149,001
Deferred tax liabilities	**(1,308,997)**	(1,533,965)
	1,289,888	615,036

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

	At 1 April 2016 US$	Recognised in profit or loss US$	Recognised in business combination US$	Recognised in other comprehensive income US$	Deferred tax at 31 March 2017 US$
Deferred tax asset					
Excess of net book value over tax written down	207,418	43,395		-	250,813

value of property, plant and equipment			-		
Retirement benefits and other employee benefits	551,759	3,30,993	-	48,002	930,754
Unutilised tax losses	468,491	(158,782)	-	-	309,709
Unutilised tax credits	178,672	6,336	-	-	185,008
Others	742,661	179,940	-	-	922,601
	2,149,001	**401,882**	**-**	**48,002**	**2,598,885**
<u>Deferred tax liabilities</u>					
Deficit of net book value over tax written down value of intangible assets	(1,533,965)	224,968	-	-	(1,308,997)
	(1,533,965)	**224,968**	**-**		**(1,308,997)**

Deferred tax assets	At 1 April 2015 US$	Recognised in profit or loss US$	Recognised in business combination US$	Recognised in other comprehensive income US$	Deferred tax at 31 March 2016 US$
Excess of net book value over tax written down value of qualifying property, plant and Equipment	220,552	(13,135)	-	-	207,417
Retirement benefits and other employee benefits	482,614	(11,252)	-	80,398	551,760
Unutilised tax losses	445,939	22,552	-		468,491
Unutilised tax credits	192,306	(13,634)	-		178,672
Others	560,416	182,245	-		742,661
	1,901,827	**166,776**	**-**	**80,398**	**2,149,001**
<u>Deferred tax liabilities</u>					
Deficit of net book value over written down value of intangible assets	**-**	125,068	(1,659,033)	-	- (1,533,965)
		125,068	(1,659,033)	-	- (1,533,965)

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.

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 pertain mainly to provision of doubtful debts.

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

	2017	2016
	US$	US$

	2017	2016
Tax losses	**290,781**	279,201
Deferred tax assets in respect of tax losses	**89,851**	86,273

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.

<u>Unrecognised taxable temporary differences associated with investments in subsidiaries</u>

Deferred tax liabilities of US$ 1,801,642 (2016 - US$ 1,385,343) 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

	2017	2016
	US$	US$
Advance for property under development	**283,396**	261,256

This represents advance paid for construction of apartment under development in Gurgaon. The amount will be capitalised as part of property, plant and equipment upon completion of the transaction.

10 Inventories

	2017	2016
	US$	US$
Consumables	**438,262**	400,441

Consumables represent uniforms, material and equipment such as tools used under installation at customer sites. No inventory write downs or reversals are recognized in the periods reported above.

11 Trade and other receivables

		2017	2016
		US$	US$
Trade receivables		**32,484,046**	28,698,149
Less impairment of trade receivables:			
Balance at beginning		**1,572,997**	1,268,776
Charge for the year		**585,839**	601,071
Translation adjustment		**36,252**	(296,850)
Balance at end		**2,195,088**	1,572,997
Net trade receivables	(i)	**30,288,958**	27,125,152

Other receivables/assets			
Unbilled billings		**7,439,943**	5,126,525
Advances to related parties		**-**	134,445
Advances to third parties		**1,093,561**	898,046
Staff loans		**303,349**	329,893
Deposits		**647,400**	522,541
Prepayments		**1,028,495**	539,169
Others		**287,091**	959,194
	(ii)	**10,799,839**	8,509,813
	(i) + (ii)	**41,088,797**	35,634,965

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.

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:

	2017 US$	2016 US$
By geographical area		
India	**31,750,640**	28,094,016
Sri Lanka	**839**	869
United Kingdom	**7,796,569**	6,155,185
Singapore	**1,540,749**	1,384,895
	41,088,797	35,634,965

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

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

	2017 US$	2016 US$
Not past due	**11,614,008**	11,139,546
Past due 0 to 3 months	**13,302,517**	11,435,685
Past due 3 to 6 months	**2,192,755**	1,934,271
Past due over 6 months	**3,179,678**	2,615,650
	30,288,958	27,125,152

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.

ii) Trade receivables that are past due and/or impaired

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

The Group	**2017 US$**	2016 US$
Gross amount	**2,195,088**	1,572,997
Provision for impairment losses	**(2,195,088)**	(1,572,997)
	-	-

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.

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Ageing analysis of other receivables

	Not past due	Past due 0 to3months	Past due 3 to 6 months	Past due over6months
	US$	**US$**	**US$**	**US$**
Unbilled billings	7,439,943	-	-	-
Advances to related parties	-	-	-	-
Advances to third parties	-	1,093,561	-	-
Staff loans	-	303,349	-	-
Deposits	324,055	-	323,346	-
Prepayments	-	342,156	349,664	336,675
Others	-	287,091	-	-

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Ageing analysis of other receivables

	Not past due	Past due 0 to3months	Past due 3 to 6 months	Past due over6months
	US$	**US$**	**US$**	**US$**
Unbilled billings	5,126,525	-	-	-
Advances to related parties	-	-	134,445	-
Advances to third parties	-	898,046	-	-
Staff loans	-	329,893	-	-
Deposits	214,214	-	308,327	-
Prepayments	-	54,277	358,662	126,230
Others	-	959,195	-	-

12 Cash and cash equivalents

	2017 US$	2016 US$
Cash at banks	**3,477,444**	1,485,791
Cash on hand	**81,966**	124,228
	3,559,410	1,610,019

13 Equity capital

	No. of ordinary shares		Amount	
	2017	2016	**2017**	2016
			US$	US$
Issued and fully paid, with no par value				
Balance at beginning of year	50,700,001	47,700,001	13,068,612	9,555,312
Addition	3,072,206	3,000,000	2,671,889	3,513,300
Balance at end of year	53,772,207	50,700,001	15,740,501	13,068,612

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

	2017	2016
	US$	US$
Currency translation reserve	**(3,478,417)**	(3,598,396)
Retained earnings	**7,303,698**	4,733,556
	3,825,281	1,135,160

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:

	2017	2016
	US$	US$
Gratuity benefit plan (Note 15.1)	**1,981,570**	1,472,119
Long term compensated absences (Note 15.2)	**734,266**	565,948
	2,715,836	2,038,067
Non-current	**1,965,728**	1,371,442
Current	**750,108**	666,625
	2,715,836	2,038,067

The estimate of its defined benefit liabilities at 31 March 2017, 2016, 2015, 2014 and 2013 are US$ 2,715,836, US$ 2,038,067 US$ 1,381,446, US$ 943,786 and US$ 735,948 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. 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 are 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:

Reconciliation of gratuity benefit plan

	2017	2016
	US$	US$
A. Change in benefit obligation		
Actuarial value of projected benefit obligation (PBO) (Opening balance)	**1,472,119**	1,090,431
Interest cost	**116,351**	88,516
Service cost	**426,109**	187,938
Benefits paid	**(190,386)**	(60,056)
Re-measurement- actuarial loss	**107,495**	232,214
Translation adjustment	**49,882**	(66,924)
PBO at the end of year (Closing balance)	**1,981,570**	1,472,119

	2017	2016
	US$	US$
B. Amounts recognised in profit or loss		
Current service cost	**426,109**	187,938
Interest cost	**116,351**	88,516
Expense recognised in profit or loss	**542,460**	276,454

	2017	2016
	US$	US$
C. Amounts recognised in other comprehensive income		
Actuarial gain from changes in demographic assumptions	**-**	(228,610)
Actuarial gain from changes in financial assumptions	**25,212**	(22,636)
Experience adjustment	**82,283**	483,460
	107,495	232,214
Taxation (Note 8)	**48,002**	80,398
Total income recognised in other comprehensive income net of tax	**59,493**	151,816

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:

		2017	**2016**
		US$	**US$**
(i)	Financial assumptions		
	- Discount rate (per annum)	**8%**	8%
	- Rate of increase in compensation levels (per annum)	**4.5%-5%**	5%
(ii)	Demographic assumptions		
	- Retirement age	**58 years**	58 years
	- Mortality percentage		
	20 years - 50 years	**0.09%-0.49%**	0.09%-0.49%
	50 years - 58 years	**0.49%-1.15%**	0.49%-1.15%

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:

	Impact on defined benefit liability		
	Change in assumption	Increase in Assumption	Decrease in Assumption
		US$	US$
Discount rate	0.50%	(16,786)	17,197
Compensation level	0.50%	21,540	(21,170)

The above sensitivity analysis is 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$ 523,759 in 2017-18 (US$ 214,382 in 2016-17).

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 2017 is US$ 734,266 (2016- US$ 565,948).

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 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$ 6,398,926 and US$ 5,373,062 to the provident fund plan, during the year ended 31 March 2017 and 31 March 2016, 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

	2017 **US$**	2016 US$
Non-current		
Obligations under finance leases (Note 16.1)	**407,480**	400,008
Bank loan (Note 16.2)	**3,277,342**	5,483,865
	3,684,822	5,883,873
Current		
Obligations under finance leases (Note 16.1)	**578,515**	488,629
Current portion of bank loan (Note 16.2)	**378,354**	452,400
Demand loans from bank (Note 16.2)	**3,490,076**	4,564,769

Other bank borrowings (Note 16.2)	**8,895,133**	4,745,494
	13,342,078	10,251,292
Total borrowings	**17,026,900**	16,135,165

16.1 Obligations under finance leases

	2017 US$	2016 US$
Minimum lease payments payable:		
Due not later than one year	**605,419**	510,981
Due later than one year and not later than five years	**421,776**	423,838
Due later than five years	**22,428**	-
	1,049,623	934,819
Less:		
Finance charges allocated to future periods	**(63,629)**	(46,182))
Present value of minimum lease payments	**985,994**	888,637

Represented by:

	2017 US$	2016 US$
Present value of minimum lease payments:		
Due not later than one year	**578,515**	488,629
Due later than one year and not later than five years	**386,530**	400,008
Due later than five years	**20,949**	-
Present value of minimum lease payments	**985,994**	888,637

The interest rate ranges from 4% to 11.75% (2016 - 4% to 12.79%) per annum.

16.2 Bank borrowings

	2017 US$	2016 US$
Non-current:		
Bank loan		
Amounts repayable after one year	**3,277,342**	5,483,865
Current:		
Other bank borrowings		
Current portion of bank loans	**378,354**	452,400
Demand loans	**3,490,076**	4,564,769
Bank overdraft/cash credit payable on demand- secured	**8,895,133**	4,745,494
Amounts repayable within one year	**12,763,563**	9,762,663
Total	**16,040,905**	15,246,528

(i) The weighted average effective interest rate for the bank loan are within range 3.75% to 10.40% (2016 – 3.75% to 11.75%) per annum.

The interest rate for bank overdraft/cash credit and demand loans are within the range of 11.00% to 11.10% (2016 - 11.70% to 13.75%) per annum. Interests are repriced on an annual basis.

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

	2017 **US$**	2016 US$
At fixed rates	**5,151,573**	6,429,706
At floating rates	**10,889,332**	8,816,822
	16,040,905	15,246,528

(ii) The bank overdrafts/cash credit payable on demand and demand loans are repayable over the next one to five year.

- Exclusive charge on all the current assets amounting to US$ 35,051,406 (2016 - US$ 26,814,909) and movable fixed assets amounting to US$ 409,796 (2016 - US$ 514,465) 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 apartment under development in Gurgaon. (Note 9).

16.3 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:

	Carrying amounts US$	Fair Values US$
2017		
Obligations under finance leases	**407,480**	407,480
Bank loan	**3,277,342**	3,277,342
2016		
Obligations under finance leases	**400,008**	400,008
Bank loan	**5,483,865**	5,483,865

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:

	2017 **US$**	2016 US$
Obligations under finance leases	**4%-11.75%**	4%-12.79%
Bank loan	**3.75% to 10.40%**	3.75%-11.75%

(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

	2017 US$	2016 US$
Trade payables		
Third parties	**6,396,900**	5,415,656
Accruals	**2,580,937**	2,153,013
	8,977,837	7,568,669
Other payables		
Salaries payable	**12,567,111**	10,519,626
Advances from customers	**1,312,330**	1,789,444
Statutory dues payables	**4,124,746**	6,911,174
Tax payable	**847,311**	458,389
Advances from related parties	**12,174**	456,116
Contingent consideration	**692,648**	482,016
Deferred consideration	**-**	1,223,334
Financial liability measured at fair value	**332,245**	1,149,026
	28,866,402	30,557,794

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. Advances from related parties are unsecured and repayable on demand. Interest rate for advances from related parties is 12.75% (2016 - 12.75%) per annum.

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 Other income

	2017 US$	2016 US$
Interest income	**235,282**	161,511
Foreign exchange gain	**-**	17,130
Vehicle hire charges	**99,183**	66,247
Gain from reinstatement of financial liability	**696,455**	
Miscellaneous income	**448,879**	**247,880**
.	**1,479,799**	492,768

19 Finance costs

	2017 US$	2016 US$

Interest on bank overdrafts and cash credit payable	**744,834**	636,313
Interest on bank loan and demand loan	**277,155**	489,160
Interest on finance leases	**31,301**	29,054
Other finance charges	**296,415**	89,622
Interest on delayed payment	**1,385,073**	594,983
-	**2,734,778**	1,839,132

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

20 Taxation

	2017	2016
	US$	US$
Current taxation	**2,515,864**	1,198,786
Deferred taxation	**(572,636)**	(454,717)
-	**1,943,228**	744,069

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:

	2017	2016
	US$	US$
Profit before taxation	**5,352,475**	1,611,634
Tax at domestic rates as applicable in the countries concerned	**1,659,501**	598,219
Tax effect on non-deductible expenses	**99,211**	176,886
Change in tax rate	**(929)**	(4,897)
(Over)/Under provision of current tax and deferred tax of earlier years	**51,472**	(139,088)
Deferred tax assets not recognized on account of losses in subsidiaries	**86,836**	113,986
Tax effect of exempt income	**-**	(18,452)
Others	**47,137**	17,415
	1,943,228	744,069

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	34.608% (previous year - 34.608%)
Sri Lanka	28% (previous year – 28%)
United Kingdom	20% (previous year – 20%)

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 53,772,207 (2016 – 50,700,001) shares during the financial year.

	2017	2016
	US$	US$
Net profit attributable to equity holders (US$)	2,629,329	698,832
Opening number of ordinary shares	50,700,001	47,700,001
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	51,474,365	49,450,001
Closing number of ordinary shares	53,772,207	50,700,001
Basic and diluted earnings per share (US$ per share)	0.05	0.01

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 are 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 years ended 31 March 2017 and 31 March 2016.:

	2017	2016
	US$	US$
Key management personnel and their relatives		
Office rental paid to key management personnel	**253,506**	155,268
Advance rent paid to key management personnel	**995**	-
Deposits given to key management personnel	**64,776**	63,317
Sponsorship fees paid to relative of key management personnel	**128,225**	135,002
Office rental paid to relatives of managerial personnel	**71,546**	18,332
Receivable from key management personnel	**64,776**	63,317
Entities over which key management are able to exercise control:		
Deposits given to related party	**18,407**	23,533
Operating expenses paid on behalf of related party	**(1,003)**	43,364
Recovery of advances from related party	**5,478**	187,579
Office rental paid to related party	**38,754**	30,553
Commission paid to related party	**34,283**	35,135
Receivable from related party	**153,936**	144,523

Transactions with key management:

Particulars	**2017**	2016
	US$	US$
Remuneration - short-term benefits	**694,304**	643,623
Remuneration - post-employment benefits	**16,076**	15,714

The outstanding balance payable to related parties under the category of key management as at 31 March 2017 and 31 March 2016 is US$ 59,728 and US$ 211,597 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

	2017	2016
	US$	US$
Capital expenditure contracted for purchase of property, plant and equipment	**184,804**	322,618
Capital expenditure contracted for purchase of other intangible assets	**-**	55,781

23.2 Contractual commitment

The Group has a contractual commitment to pay US$ 26,123 (2016- US$ 26,123) in future years, for the purpose of purchase of a property (Note 9).

23.3 Operating lease commitment – Company as lessee

The Company has entered into commercial leases on certain items of machinery. These leases have an average life of five years, with no renewal option included in the contracts. The Company's lease of land and building are subject to rent review at various intervals specified in the leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2017 are, as follows:

	2017	**2016**
Land and buildings:	**USD$**	USD$
Within one year	**-**	42,000
After one year but not more than five year	**-**	-
More than five year	**-**	-
Other		
Within one year	**81,113**	72,557
After one year but not more than five year	**243,339**	179,625
More than five year	**-**	-

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.

The following tables present revenue and profit information regarding industry segments for the years ended 31 March 2017 and 2016, and certain assets and liabilities information regarding industry segments as at 31 March 2017 and 2016.

	Facility management		Guarding service		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$
Segment revenue	**82,528,969**	56,785,549	**98,195,558**	76,170,859	**287,256**	84,842	**181,011,783**	133,041,250
Depreciation and Amortisation	**1,516,652**	894,196	**668,773**	443,315	**71,609**	47,260	**2,257,034**	1,384,771
Materials consumed	**6,088,130**	6,412,356	**963,575**	166,077	**208,116**	47,196	**7,259,821**	6,625,629
Staff and related costs	**68,588,808**	45,717,987	**85,223,388**	67,968,642	**(8392)**	96,057	**153,803,804**	113,782,686
Other operating Expenses	**3,415,542**	3,203,804	**5,706,609**	3,712,034	**147,650**	76,471	**9,269,801**	6,992,309
Finance costs	**699,541**	660,456	**1,548,486**	1,010,420	**4,098**	958	**2,252,125**	1,671,834
Segment operating (loss)/profit before Tax	**2,220,296**	(103,250)	**4,084,727**	2,870,371	**(135,825)**	(183,100)	**6,169,198**	2,584,021
Taxation	**(827,299)**	(97,883)	**(1,137,633)**	(734,748)	**108,481**	193,929	**(1,856,451)**	(638,702)
Segment net (loss)/profit	**1,392,997**	(2,01,133)	**2,947,094**	2,135,623	**(27,344)**	10,829	**4,312,747**	1,945,319
Segment assets	**19,416,238**	17,800,150	**33,441,085**	28,870,916	**943,826**	782,164	**53,801,149**	47,453,230
Segment liabilities	**19,282,989**	18,486,931	**24,613,570**	16,517,061	**1,885,521**	1,505,759	**45,782,080**	41,929,890
Other segment information: Capital expenditure property, plant and Equipment	**824,441**	1,650,984	**550,745**	661,290	**24,600**	121,907	**1,399,786**	2,434,181
Other intangible assets	**226,420**	-		-	**386**	-	**226,806**	193,437
Depreciation of property, plant and equipment	**703,467**	7894,196	**276,508**	443,315	**63,548**	47,260	**1043,523**	1,384,771
Amortisation of other intangible assets	**813,210**	-	**295,964**	-	**8,061**	-	**1,117,236**	9,587

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:

	2017	2016
	US$	US$
Segment operating profit before tax	**6,169,198**	2,584,021
Reconciling items:		
Other income not allocated	**1,479,799**	492,768
Other expenses not allocated	**(2,296,522)**	(1,465,155)
Group profit before tax	**5,352,475**	1,611,634
Group profit before tax	**5,352,475**	1,611,634
Reconciling items:		
Tax unallocated	**(86,777)**	(105,367)
Tax allocated	**(1,856,451)**	(638,702)
Group profit after tax	**3,409,247**	867,565

Segment assets	**53,801,149**	47,453,230
Reconciling items:		
Other assets unallocated	**18,389,326**	18,924,141
Total assets	**72,190,475**	66,377,371

Segment liabilities	**45,782,080**	41,929,890
Reconciling items:		
Other liabilities unallocated	**4,136,055**	8,335,101
Total liabilities	**49,918,135**	50,264,991

24.1 Geographical segments

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

	2017 US$	2016 US$
Revenue		
India	**115,382,199**	99,288,651
Sri Lanka	**-**	5,720
United Kingdom	**55,465,159**	30,860,219
Singapore	**10,164,425**	2,886,660
	181,011,783	133,041,250
Non-current assets		
India	**5,248,769**	4,528,644
Sri Lanka	**660**	1,326
United Kingdom	**12,275,066**	15,099,478
Singapore	**3,792,271**	4,053,845
	21,316,766	23,683,293

All segment revenue and expense is directly attributable to the segments. There is no revenue from transactions with a 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 minimize 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.

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.

<u>Exposure to credit risk</u>

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 credit control 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$ 3,180,857 (2016 - US$ 2,108,360) representing approximately 10.50% (2016 - 7%) of the total trade receivables of US$ 30,288,958 (2016 - US$ 28,674,036).
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.

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.

	Less than 1 year US$	Between 2 and 5 years US$	Over 5 years US$	Total US$
At 31 March 2017				
Trade and other payables	**23,894,346**	**-**	**-**	**2,3894,346**
Borrowings	**13,342,077**	**3,666,256**	**20,949**	**17,029,282**
	37,236,423	**3,666,256**	**20,949**	**40,923,628**
At 31 March 2016				
Trade and other payables	23,188,231	-	-	23,188,231
Borrowings	6,184,285	10,038,778	-	16,223,063
	29,372,516	10,038,778	-	39,411,294

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 is 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 (2016: less than 12 months) from the end of reporting period.

Sensitivity analysis for interest rate risk

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 65 basis points to be appropriate. A decrease in market interest rate by 65 basis points, will lead to a decrease in finance cost by US$ 57,818 (2016 - US$ 44,084) resulting in an increase in profit and equity for the year ended 31 March 2017 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.

25.4 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 with very minimal foreign currency transactions. As a result the Group is not exposed to movements in foreign currency exchange rates arising from normal trading transactions.

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:

	2017				2016			
	INR	**LKR**	**GBP**	**US$**	INR	LKR	GBP	US$
Long-term financial assets	**1,337,279**				834,012	-	-	-
Trade and other receivables	**31,750,640**	**839**	**7,796,569**	**12,072**	28,094,017	869	6,155,185	12,073
Cash and cash equivalents	**868,465**	**4,871**	**1,117,050**	**105,069**	885,044	5,044	205,416	65,832
	33,956,384	**5,710**	**8,913,619**	**117,141**	29,813,073	5,913	6,360,601	77,905
Borrowings	**(11,136,147)**		**(5,890,752)**		(6,859,527)		(8,127,251)	(1,000,000)
Trade and other payables	**16,525,296**	**2,134**	**10,656,252**	**777,245**	(18,622,721)	(2,135)	(8,024,261)	(1,475,654)
	39,345,533	**7,844**	**13,679,119**	**894,386**	4,330,825	3,778	(9,790,911)	(2,397,749)

If the INR, GBP and LKR all strengthened against the US$ by 5% (2016 - 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:

	--------------- Increase/(Decrease) --------------------			
	2017		2016	
	Profit net of tax	**Equity**	Profit net of tax	Equity
	US$	**US$**	US$	US$
INR	**20,056**	**20,056**	26,086	26,086
LKR	**(681)**	**(681)**	719	719
GBP	**(206,935)**	**(206,935)**	(228,436)	(228,436)
SGD	**(109,799)**	**(109,799)**		

If the INR, GBP and LKR weakened against the US$ by 5% (2016 - 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 are defined as total borrowings (excluding trade and other payables) less cash and cash equivalents.

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.

	2017	2016
	US$	US$
Total equity	**22,272,340**	16,112,380
Adjusted debts	**13,465,106**	14,525,146
Total capital	**35,737,446**	30,637,526
Gearing ratio	**0.37**	0.47

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

	2017	2016
	US$	US$
Non-current assets		
Loans and receivables		
Long-term financial assets – restricted cash	**1,337,279**	834,012
Current assets		
Loans and receivables		
Trade receivables	**30,288,958**	28,674,036
Other current assets	**9,771,344**	6,287,316
Related party receivables	**-**	134,445
Cash and bank balances	**3,559,410**	1,610,019
Total loans and receivables	**44,956,991**	37,539,828

Non-current Liabilities		
Carrying amount at amortised cost		
Borrowings	**3,684,822**	5,883,873
Current liabilities		
Carrying amount at amortised cost		
Trade payables and other payables	**22,582,016**	21,398,787
Borrowings	**13,342,078**	10,251,292
Total financial liabilities	**39,608,916**	37,533,952

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.

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the Group Finance team at least every year, in line with the Group's reporting dates.

When measuring the fair value of an asset or liability, the group uses market observable data as far as possible. Fair values are categorized into different level in fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: input other than quoted prices included in level1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on the observable market data (unobservable inputs).

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2017

Observable input	Level 1	Level 2	Level 3
Financial liability measured at fair value	-	332,245	-
Contingent consideration	-	-	692,648

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

Observable input	Estimate of input	Sensitivity of the fair value measurement to input	Method
Probability of meeting target for contingent consideration	100%	A decrease to 90% would decrease/ (increase) fair value by US$ 69,264	Net present value
Volatility of market price of share	10%	An increase/ decrease by 10% would increase/ decrease fair value by US$ 33,224	Black-Scholes model

Contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of Office and General Group Limited (see Note 3) is estimated using a present value technique. The fair value is estimated by probability weighting the estimated future cash outflows, adjusting for risk and discounting at 11.3%.. The discount rate used is based on the Group's weighted average cost of capital at the reporting date. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

Observable input	Contingent consideration	
	2017	**2016**
Balance as at 1 April 2016	482,016	-
Acquired through business combination	-	444,457
Amount recognised in profit and loss account	199,523	37,559
Translation Adjustment	11,109	
Balance as at 31 March 2017	692,648	482,016

28. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the 31 March 2017 reporting date and the date of authorisation.

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