

**ORACLE FINANCIAL SERVICES
SOFTWARE PTE. LTD.**
(Incorporated in the Republic of Singapore)
(Registration Number: 200107453K)
AND ITS SUBSIDIARY

**FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2021**

Directors
Brian Scott Higgins
Jane Murphy
Jimmy Ying Wai Tse
Venkatachalam Krishnakumar
Wong Gen Kown

Secretaries
Kong Yuh Ling Doreen
Nur Iman Binte Rohan

Registered Office
1 Fusionopolis Place
#12-10 Galaxis
Singapore 138522

Auditor
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Bankers
Citibank, N. A., Singapore Branch, Singapore
Citibank, N. A., Tokyo Branch, Japan
Citigroup Pty Limited, Sydney, Australia
KEB Hana Bank, Chungmuro Branch, South Korea

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ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

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DIRECTOR'S STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Oracle Financial Services Software Pte. Ltd. (the "Company") and its subsidiary (collectively the "Group") for the financial year ended 31 March 2021.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statements, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

2 DIRECTORS

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

Brian Scott Higgins
Jane Murphy
Jimmy Ying Wai Tse
Venkatachalam Krishnakumar
Wong Gen Kown

3 ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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

Name of Director	At the beginning of year	At the end of year
Ultimate Holding Company - Oracle Corporation		
Wong Gen Kown	66	99

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4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CON'D)

Name of Director	At the beginning of year	At the end of year
Immediate Holding Company - Oracle Financial Services Software Limited		
Venkatachalam Krishnakumar	2,538	2,538

5 SHARE OPTIONS

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

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

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

6 AUDITOR

The auditor, Messrs. Ernst & Young LLP, has expressed its willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

Venkatachalam Krishnakumar

Director

Wong Gen Kown

Director

Singapore,

2 July 2021

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

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INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oracle Financial Services Software Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 March 2021, the statement of changes in equity of the Group and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position of the Group and the Company and the statements of changes in equity of the Group are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and the financial position of the Company as at 31 March 2021 and of the consolidated cash flows of the Group and changes in equity of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises directors' statement set out on pages 2 to 3.

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

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

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INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
2 July 2021

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

AND ITS SUBSIDIARY**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021**

		The Group		The Company	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020
	Note	US\$	US\$	US\$	US\$
ASSETS LESS LIABILITIES					
Non-Current Assets					
Plant and equipment	4	7,271	7,271	7,271	7,271
Right-of-use assets	5	268,798	683,736	268,798	683,736
Investment in subsidiary	6	—	—	—	—
Deferred tax assets	14	3,259,423	—	3,259,423	—
Other receivables	7	449,284	318,686	449,284	318,686
		<u>3,984,776</u>	<u>1,009,693</u>	<u>3,984,776</u>	<u>1,009,693</u>
Current Assets					
Trade receivables	8	29,296,331	31,589,360	29,296,331	31,589,360
Other receivables	7	715,709	1,132,593	675,538	1,132,593
Contract assets	9	11,669,706	12,267,819	11,669,706	12,267,819
Cash and cash equivalents	10	24,198,641	18,722,028	24,103,446	18,629,176
		<u>65,880,387</u>	<u>63,711,800</u>	<u>65,745,021</u>	<u>63,618,948</u>
Current liabilities					
Trade and other payables	11	30,452,937	32,295,898	30,449,968	32,293,089
Contract liabilities	12	17,213,864	15,954,726	17,213,864	15,954,726
Current tax liabilities		8,448,060	3,669,183	8,448,060	3,669,183
Lease liabilities	5	307,767	392,644	307,767	392,644
		<u>56,422,628</u>	<u>52,312,451</u>	<u>56,419,659</u>	<u>52,309,642</u>
Net Current Assets		<u>9,457,759</u>	<u>11,399,349</u>	<u>9,325,362</u>	<u>11,309,306</u>
Non - Current Liabilities					
Deferred taxation		—	64,537	—	64,537
Other payables	11	1,879,123	1,298,810	1,879,123	1,298,810
Lease liabilities	5	21,294	362,921	21,294	362,921
		<u>1,900,417</u>	<u>1,726,268</u>	<u>1,900,417</u>	<u>1,726,268</u>
Net Assets		<u>11,542,118</u>	<u>10,682,774</u>	<u>11,409,721</u>	<u>10,592,731</u>
Equity					
Share capital	13	136,525	136,525	136,525	136,525
Capital contribution	14	4,387,957	3,615,349	4,387,957	3,615,349
Retained profits	15	7,557,211	9,524,014	8,892,174	11,095,096
Translation reserve		(539,575)	(2,593,114)	(2,006,935)	(4,254,239)
Total Equity		<u>11,542,118</u>	<u>10,682,774</u>	<u>11,409,721</u>	<u>10,592,731</u>

The accompanying accounting policies and explanatory notes form an integral part of these audited financial statements.

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

AND ITS SUBSIDIARY**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	31/03/2021 US\$	31/03/2020 US\$
Revenue	16	166,339,644	166,886,049
Cost of services performed		(120,179,908)	(119,548,650)
Gross profit		46,159,736	47,337,399
Other income	17	418,051	34,853
Administrative expenses	18	(43,215,028)	(44,214,709)
Finance Cost	20	(31,542)	(46,332)
Other operating expenses	21	(555,048)	(832,288)
Profit before taxation		2,776,169	2,278,923
Taxation	22	(4,742,972)	(7,716,387)
Loss from continuing operations		(1,966,803)	(5,437,464)
Other comprehensive income/(loss)			
Currency translation differences arising from consolidation		2,053,539	(582,920)
Other comprehensive income/(loss), net of tax		2,053,539	(582,920)
Total comprehensive income/(loss)		86,736	(6,020,384)
Loss attributable to:			
Equity holders of the Company		(1,966,803)	(5,437,464)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		86,736	(6,020,384)

The accompanying accounting policies and explanatory notes form an integral part of these audited financial statements.

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

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AND ITS SUBSIDIARY**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

The Group	← Attributable to equity holders of the Company →				Total US\$
	Share	Capital	Retained	Translation	
	Capital	Contribution	Profits	Reserve	
	US\$	US\$	US\$	US\$	
As at 31 March 2019	136,525	2,876,090	14,961,478	(2,010,194)	15,963,899
Total comprehensive loss for the year	–	–	(5,437,464)	(582,920)	(6,020,384)
Employee stock compensation charge	–	739,259	–	–	739,259
As at 31 March 2020	136,525	3,615,349	9,524,014	(2,593,114)	10,682,774
Total comprehensive loss for the year	–	–	(1,966,803)	2,053,539	86,736
Employee stock compensation charge	–	772,608	–	–	772,608
As at 31 March 2021	136,525	4,387,957	7,557,211	(539,575)	11,542,118

The accompanying accounting policies and explanatory notes form an integral part of these audited financial statements.

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

(Incorporated in the Republic of Singapore)

AND ITS SUBSIDIARY**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

	2021 US\$	2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,776,169	2,278,923
Adjustments for:		
Allowance for doubtful debts	(72,638)	884,918
Depreciation of property, plant and equipment	384,858	357,722
Employee stock options compensation expense	772,608	739,259
Foreign exchange difference in property, plant and equipment	(1,076)	(17,185)
Interest income	(10,090)	(34,853)
Interest on lease liability	31,542	46,332
Reversal for doubtful debts	(948,787)	(469,190)
Operating profit before working capital changes	2,932,586	3,785,926
Working capital changes, excluding changes related to cash:		
Trade receivables	3,943,723	10,974,870
Other receivables	(3,184,326)	353,210
Trade and other payables	(3,511)	(2,233,120)
Cash generated from operations	3,688,472	12,880,886
Interest received	10,090	34,853
Income taxes paid (net)	(28,630)	(4,760,493)
Net cash generated from operating activities	3,669,932	8,155,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from immediate holding company - non-trade	190,896	252,836
Amount due from related companies - non-trade	20,292	(5,264)
Net cash generated from investing activities	211,188	247,572
CASH FLOWS FROM FINANCING ACTIVITY		
Payment in finance lease liabilities	(458,046)	(315,019)
Net cash used in financing activities	(458,046)	(315,019)
Net increase in cash and cash equivalents	3,423,074	8,087,799
Effect of exchange rate fluctuation on cash and cash equivalent	2,053,539	(582,920)
Cash and cash equivalents at beginning of financial year	18,722,028	11,217,149
Cash and cash equivalents at the end of the financial year (Note 10)	24,198,641	18,722,028

The accompanying accounting policies and explanatory notes form an integral part of these audited financial statements.

ORACLE FINANCIAL SERVICES SOFTWARE PTE. LTD.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

1 CORPORATE INFORMATION

Oracle Financial Services Software Pte. Ltd. (the “Company”) is a private company limited by shares incorporated in Singapore with its registered office and its principal place of business at 1 Fusionopolis Place #12-10 Galaxis, Singapore 138522.

The principal activities of the Company in the course of the financial year are those relating to providing information technology solutions, consulting services and development of software to the financial service industry. The principal activities of its subsidiary company are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company has 3 branches operating outside of Singapore as follows:

Location	Registered Address
Tokyo	Akasaka Center Building 13F, 1-3-13 Moto Akasaka, Minato-ku, Tokyo 107-0051, Japan.
Sydney	Level 8, 4 Julius Avenue, North Ryde, Sydney, NSW 2113, Australia
Seoul	Rm#1410, 14F, Soonhwa Building, 89 Seosomun-ro, Jung-gu, Seoul, South Korea

The principal activities of these branches are the same as the Company.

The Company is a wholly-owned subsidiary of Oracle Financial Services Software Limited, a company incorporated in India. The Company's ultimate holding company is Oracle Corporation, a company incorporated in the United States of America. Related corporations (companies) in these financial statements refer to members of ultimate holding company's group of companies.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements, expressed in United State Dollar (USD or US\$), which is also the functional currency of the Group and Company, are prepared based on the historical cost convention, except as disclosed in the accounting policies below.

2.2

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial statements.

There are no standards applicable to the Group that have been issued but not yet effective.

2.3 Basis of consolidation

Subsidiary is entity over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated 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.

2.4 Investment in Subsidiary

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

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.5 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method, to allocate depreciation amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Furniture and fittings	2 - 7
Computers	2 - 3
Office equipment	5 - 7
Office premises	3 - 5

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group and the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivable are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent Measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Group and the Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.7 Financial Instruments (cont'd)

Financial Liabilities (cont'd)

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged and cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.8 Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks, which are subject to an insignificant risk of changes in value.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.11 Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

In arrangement for software development and related services along with support services, the Group and the Group has applied the guidance as per FRS 115 Revenue from Contracts with Customers, by applying revenue recognition in respect of each distinct performance obligations. For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. For software license, the Group is using a residual approach for estimating the standalone selling price as the pricing is highly variable. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer obtains control of the work as it progresses.

The Group accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Licenses

Revenue from licenses where the customer obtains a "right to use" the licenses is recognised at the time the license is made available to the customer.

Support

The Group's primary performance obligations with respect to license support contracts is to provide customers with technical support as needed and unspecified software product upgrades, maintenance releases and patches during the term of the support period, if and when they are available. The Group are obligated to make the license support services available continuously throughout the contract period. Therefore, revenues for license support contracts is generally recognised ratably over the contractual periods that the support services are provided.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Revenue Recognition (cont'd)

Consulting

The performance obligation for these contracts is the provision of services. Where the license is required to be substantially customised as part of the implementation service the entire arrangement fee ("fixed price services") for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage of completion method as the implementation is performed. Percentage of completion is measured by reference to labor hour incurred to date as a percentage of total estimated labor hours for each contract. The Group has determined that the input method used in measuring progress of the performance obligation faithfully depicts the Group's performance in providing services to the customers. Revenues for consumption-based services are recognized as the services are performed.

Contract balances

Revenue in excess of billing is classified as contract asset i.e. unbilled revenue while billing in excess of revenue is classified as contract liability i.e. deferred revenue. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unbilled Revenue are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones.

Deferred contract costs are incremental costs of obtaining a contract which are recognised as assets and amortized over the benefit period

2.12 Currency Translation

Functional and Presentation Currency

Items included in the financial statements of the Company and the branches are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in United State Dollar ("US\$"), which is the Company's functional and presentation currency

Translation of Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Currency Translation (cont'd)

Translation of Group Entities' Financial Statements

The results and financial position of group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the translation dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases (cont'd)

Lease Liabilities

At the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of office rental (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.14 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

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

- (a) where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (b) receivables and payables that are stated with the amount of GST included.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Employee Benefits

Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee Share Options Plan

Employees of the Group and the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share options reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share options reserve is transferred to retained earnings upon expiry of the share options.

2.17 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

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3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Significant judgment is involved in determining the 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 carrying amount of income tax payable and deferred tax asset/liabilities at 31 March 2021 are US\$7,926,596 (2020: US\$3,669,183) and US\$63,943 (2020: US\$64,536) respectively.

Allowance for Expected Credit Losses of Trade Receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 8.

The carrying amount of the Group's and the Company's trade receivables as at 31 March 2021 were US\$29,296,331 (2020: US\$31,589,360).

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3. Significant accounting judgments and estimates (cont'd)

3.1 Judgments made in applying accounting policies (cont'd)

Revenue Recognition

The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time, including relevant cut-off at period end dates.

In determining the transaction price for the contract, judgement is required to assess if the consideration is fixed or is considered variable and whether there is any constraint on such variable consideration such as volume discounts, service level credits and price concessions. The Group uses judgement to determine an appropriate standalone selling price for each performance obligation and allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract except for sale of software licenses, where the Group uses a residual approach for estimating the standalone selling price of software license as the pricing is highly variable.

Contract fulfilment costs are generally expensed as incurred except for certain contract costs which meet the criteria for capitalisation. Such costs are amortised over the benefit period. The assessment of this criteria requires the application of judgement.

A significant part of the Group's revenue relates to transactions with related parties. The Group has with effect from 1 April 2018, amended its commercial arrangement with its related companies without modifying the substance of the arrangements and functions undertaken by the Group and its related companies. As at the reporting date approximately 78.57% (2020: 75.71%) are revenue earned with related companies.

3.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

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4 PROPERTY, PLANT AND EQUIPMENT

2021	The Group and The Company			
	Furniture and fittings US\$	Computers US\$	Office equipment US\$	Total US\$
Cost				
At beginning of year	263,841	99,214	11,743	374,798
Translation difference	–	10,029	(323)	9,706
At end of year	<u>263,841</u>	<u>109,243</u>	<u>11,420</u>	<u>384,504</u>
Accumulated Depreciation				
At beginning of year	263,285	100,350	10,068	373,703
Depreciation	–	–	–	–
Translation difference	–	3,777	(247)	3,530
At end of year	<u>263,285</u>	<u>104,127</u>	<u>9,821</u>	<u>377,233</u>
Carrying Amount				
At end of year	<u>556</u>	<u>5,116</u>	<u>1,599</u>	<u>7,271</u>

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4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2020	The Group and The Company			Total
	Furniture and fittings	Computers	Office equipment	
Cost				
At beginning of year	263,841	105,465	11,689	380,995
Translation difference	–	(6,251)	54	(6,197)
At end of year	<u>263,841</u>	<u>99,214</u>	<u>11,743</u>	<u>374,798</u>
Accumulated Depreciation				
At beginning of year	263,285	100,350	10,068	373,703
Depreciation	–	–	21	21
Translation difference	–	(6252)	55	(6,197)
At end of year	<u>263,285</u>	<u>94,098</u>	<u>10,144</u>	<u>367,527</u>
Carrying Amount				
At end of year	<u>556</u>	<u>5,116</u>	<u>1,599</u>	<u>7,271</u>

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5 LEASES

The Group has lease contracts for office premises. Office premises have leases terms between 3 and 5 years. The Group and Company's obligations under these leases are secured by the lessor's title to the leased assets. The Group and the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

The Group and the Company	Office premises US\$
Cost	
At 1 April 2019, 31 March 2020 and 1 April 2020	1,024,252
Adjustments	(31,156)
At 31 March 2021	993,096
Accumulated depreciation	
At 1 April 2019	—
Charge for the year	357,701
Currency realignment	(17,185)
At 1 April 2020	340,516
Charge for the year	384,858
Currency realignment	(1,076)
At 31 March 2021	724,298
Net carrying amount	
At 31 March 2021	268,798
At 31 March 2020	683,736

Set out below are the carrying amounts of lease liabilities and the movements during the year.

The Group and the Company	2021 US\$	2020 US\$
Cost		
At 1 April	755,565	—
Additions	—	1,024,252
Accretion of interest	31,542	46,332
Payments	(458,046)	(315,019)
At 31 March	329,061	755,565
Current	307,767	392,644
Non-current	21,294	362,921
	329,061	755,565

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5 LEASES (CONT'D)

The following are the amounts recognised in profit or loss:

	2021 US\$	2020 US\$
Depreciation of right-of-use assets	384,858	357,701
Interest on lease liability (Note 22)	31,542	46,332
Total amount recognised in profit or loss	<u>416,400</u>	<u>404,033</u>

The Group and the Company had total cash outflows for leases of US\$458,046 (2020:US\$315,019).

6 INVESTMENT IN SUBSIDIARY

	The Company	
	2021 US\$	2020 US\$
Unquoted investment, at cost	1,150,184	1,150,184
Impairment loss	<u>(1,150,184)</u>	<u>(1,150,184)</u>
	<u>-</u>	<u>-</u>

Details of the subsidiary is as follows:

Name of company	Principal activities	Country of incorporation and business	Effective equity held by the Company		Cost of investment	
			2021 %	2020 %	2021 US\$	2020 US\$
Oracle Financial Services Consulting Pte. Ltd.	Provision of computer software and technology services	Republic of Singapore	100	100	<u>1,150,184</u>	<u>1,150,184</u>

In 2013, the Management recognised an impairment loss of US\$1,150,184 as the subsidiary has been operating at a loss and was in a negative equity position as at reporting date.

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7 OTHER RECEIVABLES

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Non-Current				
Deferred contract cost	449,284	318,686	449,284	318,686
	<u>449,284</u>	<u>318,686</u>	<u>449,284</u>	<u>318,686</u>
Current				
Amount due from immediate holding company - non-trade	–	190,896	–	190,896
Amount due from related companies - non-trade	–	20,292	(40,171)	20,292
Deferred contract cost	272,082	250,839	272,082	250,839
Prepayments	443,627	670,566	443,627	670,566
	<u>715,709</u>	<u>1,132,593</u>	<u>675,538</u>	<u>1,132,593</u>
	<u>1,164,993</u>	<u>1,451,279</u>	<u>1,124,822</u>	<u>1,451,279</u>

Deferred contract cost are incremental costs of obtaining a contract which are recognised as assets and amortised over the benefit period.

The amounts due from immediate holding, related companies and subsidiary company are unsecured, interest free and repayable on demand.

8 TRADE RECEIVABLES

	The Group and The Company	
	2021 US\$	2020 US\$
Third parties receivables	3,446,005	6,807,502
Related companies	<u>25,882,742</u>	<u>25,802,946</u>
Total trade receivables	29,328,747	32,610,448
Less: Allowance for expected credit loss	<u>(32,416)</u>	<u>(1,021,088)</u>
	<u>29,296,331</u>	<u>31,589,360</u>

Trade receivables are non-interest bearing and are generally up to 30 - 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables at the reporting date is US\$29,328,747 (2020: US\$32,610,448).

The amounts due from related companies are unsecured, interest-free and repayable on demand and are to be settled in cash.

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8 TRADE RECEIVABLES (CONT'D)

Expected credit losses

	2021 US\$	2020 US\$
At beginning of the year	1,021,088	619,015
Charge for the year	(72,638)	884,918
Written back during the year	(948,787)	(469,190)
Translation difference	32,753	(13,655)
At end of year	<u>32,416</u>	<u>1,021,088</u>

9 CONTRACT ASSETS

	The Group and The Company	
	2021	2020
	US\$	US\$
Contract assets	<u>11,669,706</u>	<u>12,267,819</u>

Contract assets comprise unbilled revenue out of license and services and other recoverable from customers for which the Company has performed work at reporting date, but the agreed billing milestones have not been reached. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Significant changes in contract assets are explained as follows:

	The Group and The Company	
	2021	2020
	US\$	US\$
Contract assets reclassified to receivables	<u>3,299,896</u>	<u>2,873,963</u>

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10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Cash and bank balances	<u>24,198,641</u>	<u>18,722,028</u>	<u>24,103,446</u>	<u>18,629,176</u>

11 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Current				
Amount due to immediate holding company - trade	23,188,019	24,884,632	23,188,019	24,884,632
Amount due to related company - trade	805,040	1,170,259	805,040	1,170,259
Accrued operating expenses	4,450,581	4,271,644	4,447,613	4,268,835
GST payables	748,805	888,904	748,805	888,904
Leave encashment	1,064,565	872,967	1,064,565	872,967
Other creditors	131,986	79,373	131,985	79,373
Withholding tax payable	63,941	128,119	63,941	128,119
	<u>30,452,937</u>	<u>32,295,898</u>	<u>30,449,968</u>	<u>32,293,089</u>
Non Current				
Leave encashment	<u>1,879,123</u>	<u>1,298,810</u>	<u>1,879,123</u>	<u>1,298,810</u>

Amounts due to immediate holding company and related company are unsecured, interest-free and repayable on demand and are to be settled in cash.

12 CONTRACT LIABILITIES

	The Group and The Company	
	2021	2020
	US\$	US\$
Contract liabilities	<u>17,213,864</u>	<u>15,954,726</u>

Contract liabilities include advance payments from customers and accrued payables to immediate holding company.

Revenue recognised in 2020 which was included in the contract liabilities balance at the beginning of the year was US\$ 15,704,597 (2020: US\$20,617,469). Revenue recognised in 2020 from performance obligation satisfied in previous years was US\$ 55,415 (2020: US\$147,423).

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13 SHARE CAPITAL

	The Company			
	2021		2020	
	No. of shares	US\$	No. of shares	US\$
Ordinary shares issued and fully paid:				
At beginning and end of year	<u>250,000</u>	<u>136,525</u>	<u>250,000</u>	<u>136,525</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

14 CAPITAL CONTRIBUTION

	The Group and The Company	
	2021 US\$	2020 US\$
At beginning of year	3,615,349	2,876,090
Addition during the year	<u>772,608</u>	<u>739,259</u>
Balance at end of year	<u>4,387,957</u>	<u>3,615,349</u>

Oracle Corporation, the Ultimate Holding Company and Oracle Financial Services Software Limited, the Immediate Holding Company of the Group and the Company has extended its stock option program to selected employees of the Company's overseas subsidiaries and branches. Contribution from the Ultimate and Immediate Holding Company represents the fair value of equity-settled transactions; calculated at the date when the grant is made using an appropriate valuation model and recognised over the period in which the performance and/or service conditions are fulfilled.

15 RETAINED EARNINGS

The movements in retained profits for the Company are as follows:

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
At beginning of year	9,524,014	14,961,478	11,095,096	16,354,469
Addition during the year	<u>(1,966,803)</u>	<u>(5,437,464)</u>	<u>(2,202,922)</u>	<u>(5,259,373)</u>
Balance at the end of year	<u>7,557,211</u>	<u>9,524,014</u>	<u>8,892,174</u>	<u>11,095,096</u>

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16 REVENUE

Disaggregation of revenue:

	The Group	
	2021 US\$	2020 US\$
Consulting	96,672,169	99,009,828
Licenses	17,813,834	22,656,795
Support	51,853,641	45,219,426
	<u>166,339,644</u>	<u>166,886,049</u>
Revenue recognized at a point in time	17,813,834	22,656,795
Revenue recognised over time	<u>148,525,810</u>	<u>144,229,254</u>
	<u>166,339,644</u>	<u>166,886,049</u>

Capitalized contract costs

	2021 US\$	2020 US\$
<i>Capitalised incremental costs of obtaining contract – commission costs paid to sales personnel</i>		
At 1 April	569,525	617,988
Additions	461,477	261,015
Amortisation	(309,636)	(309,478)
Others		
	<u>721,366</u>	<u>569,525</u>
At 31 March	<u>721,366</u>	<u>569,525</u>

17 OTHER INCOME

	The Group	
	2021 US\$	2020 US\$
Interest income	10,090	34,853
Government grant	<u>407,961</u>	<u>–</u>
	<u>418,051</u>	<u>34,853</u>

The Jobs Support Scheme (JSS) was announced at the Budget 2020 ("the "Unity Budget") on 18 February 2020. The purpose of the JSS is to provide wage support to employers to help them to retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under JSS.

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17 OTHER INCOME (CONT'D)

The JSS was enhanced subsequently in the two supplementary budgets (the “Resilience Budget” and the “Solidarity Budget”) and the Multi-Ministry Taskforce on COVID-19 press conference announced on 26 March 2020 and 21 April 2020 respectively. The Singapore Government will co-fund the wages of local employees for nine months.

During the year, the Group received US 407,961 from the government and the Group recognised US\$ 407,961 as grant income.

18 ADMINSTRATIVE EXPENSES

	The Group	
	2021	2020
	US\$	US\$
Administrative expenses include the following:		
Penalties and fines*	955,151	3,378,146
Professional fees	2,325,778	1,039,830
Staff costs (Note 18)	37,440,603	35,515,207
Travelling expenses	<u>2,178,370</u>	<u>3,230,830</u>

* Included in penalties and fines are estimated interest expenses amounting to US\$955,151 incurred for the tax payable related to transfer pricing transactions (Note 21).

19 STAFF COSTS

	The Group	
	2021	2020
	US\$	US\$
Wages, salaries and related costs	35,283,169	33,401,516
Defined contribution pension costs	1,384,826	1,374,432
Employees stock compensation charge	<u>772,608</u>	<u>739,259</u>
	<u>37,440,603</u>	<u>35,515,207</u>

Included above are key management personnel compensation (Note 23).

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20 FINANCE COSTS

	The Group	
	2020	2020
	US\$	US\$
Interest on lease liability	31,542	46,332

21 OTHER OPERATING EXPENSES

	The Group	
	2021	2020
	US\$	US\$
Depreciation expenses of right-of-use assets	384,858	357,722
Doubtful debts expenses	(201,346)	164,680
Foreign exchange loss	371,536	309,886
	555,048	832,288

22 TAXATION

Major components of income tax expense

The major components of income tax expense for the year ended 31 March 2021 and 2020 are:

	The Group	
	2021	2020
	US\$	US\$
Current income tax:		
- Current income taxation	867,936	1,186,361
- Over provision in respect of previous years	(566,547)	974,662
Deferred income tax		
- Origination and reversal of temporary differences	62,163	—
Benefits from previously unrecognized tax losses	(1,694,521)	22,113
Foreign tax credit	—	(636,098)
Others	1,022,403	178,941
Foreign withholding tax	5,051,538	5,990,408
	4,742,972	7,716,387

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22 TAXATION

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2021 and 2020 are as follows:

	The Group	
	2021 US\$	2020 US\$
Profit before taxation	2,776,169	2,278,923
Tax expense on profit before tax	471,949	387,417
Adjustments:		
Different tax rates of other countries	(168,322)	398,036
Non-deductible expenses	828,408	2,323,610
Non-taxable income	(12,930)	(1,890,666)
Over provision of prior years' tax	(566,547)	974,662
Foreign withholding tax	5,051,538	5,990,408
Tax exemption and relief	(189,006)	(708,028)
Benefits from previously unrecognized tax losses	(1,694,521)	22,113
Others	1,022,403	218,835
Tax expense	4,742,972	7,716,387

Deferred tax

	2021 US\$	2020 US\$
Deferred tax assets		
Provisions and allowances	2,965,886	—
Accrued Social Funding	45,580	
Other Timing differences	247,957	—
	3,259,423	—
Deferred tax liabilities		
Difference in depreciation for tax purposes	—	(64,537)
	3,259,423	(64,537)
Net deferred tax assets	3,259,423	(64,537)

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23 SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related party transactions on terms agreed between the Group, the Company and its related parties are as follows:

	The Group and The Company	
	2021	2020
	US\$	US\$
Immediate Holding Company		
Purchases (Cost of services rendered and expenses)	120,542,721	118,174,170
Sales	(296,497)	(559,769)
Staff cost to	(539,917)	(71,101)
Other operating expenses to	<u>476,530</u>	<u>(1,005,904)</u>
Subsidiary Company		
Fund transfer	<u>(2,930)</u>	<u>(2,808)</u>
Related Companies		
Purchases (Cost of services rendered and expenses)	6,563,145	6,205,540
Sales	(130,758,799)	(126,343,314)
Management fees from	446,017	128,787
Office rental (Facilities service agreement) from	<u>129,114</u>	<u>472,932</u>

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23 SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONT'D)

Key management personnel compensation

Director's compensation and benefits is as follows:

	The Group and the Company	
	2021 US\$	2020 US\$
Defined contribution pension costs	9,408	9,081
Director fees	133,567	130,960
Employee stock options	534	1,129
Others	2,184	2,864
Salaries and bonuses	96,709	94,580
	<u>242,402</u>	<u>238,614</u>

24 SHARE-BASED PAYMENTS

Movement of share options granted by Oracle Financial Services Software Limited:

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2021		2020	
	No.	WAEP INR	No.	WAEP INR
Outstanding at 1 April	63,739	2,197	81,447	2,225
Employees transferred in	–	–	150	5
Employees transferred out	–	–	(1,875)	3,022
Adjusted at 1 April	63,739	2,197	79,722	2,202
Forfeited (unvested)	(2,090)	(2,050)	(1,375)	1,652
Expired (vested)	–	–	(8,925)	3,210
Exercised	(6,803)	155	(5,683)	806
Outstanding at 31 March	<u>54,846</u>	<u>2,456</u>	<u>63,739</u>	<u>2,197</u>
Exercisable at 31 March	<u>54,558</u>	<u>2,469</u>	<u>60,254</u>	<u>2,294</u>

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24 SHARE-BASED PAYMENTS (CONT'D)

The weighted average fair value of options granted during the financial year was Nil (2020: NIL). The weighted average share price at the date of exercise of the options exercised during the financial year was INR 155 (2020: INR 806). The exercise price for options outstanding at the end of the year was INR 2,456 (2020: INR 2,197). The weighted average remaining contractual life for these options is 2.6 years (2020: 3.7 years).

Movement of shares options granted by Oracle Corporation Inc:

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2021		2020	
		WAEP		WAEP
	No.	US\$	No.	US\$
Outstanding at April 1	1,268	45.88	1,792	43.45
Employees transferred in	–	–	500	49.62
Adjusted at April 1	1,268	45.88	2,292	44.80
Forfeited (unvested)	–	–	(768)	43.45
Exercised	(375)	49.62	(256)	43.45
Outstanding at March 31	893	44.31	1,268	45.88
Exercisable at March 31	384	43.45	442	46.94

The weighted average fair value of options granted during the financial year was US\$ Nil (2020: US\$ Nil). The weighted average share price at the date of exercise of the options exercised during the financial year was US\$ 49.62 (2020: US\$ 43.45). The exercise price for options outstanding at the end of the year was US\$43.45 to US\$49.62 (2020: US\$43.45 to US\$ 49.62). The weighted average remaining contractual life for these options is 7.11 years (2020: 7.86 years).

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24 SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options granted

The fair value of the options is estimated using the Black-Scholes-Merton option-pricing model, which was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the input of assumptions, including stock price volatility. Changes in the input assumptions can materially affect the fair value estimates. The fair value of employee and director stock options granted, including options assumed from acquisitions, were estimated at the date of grant (or date of acquisition for acquired options assumed). The weighted average assumptions used were as follows:

	2021	2020
Expected life (in years)	Nil	Nil
Risk free interest rate	—	—
Volatility	Nil	Nil
Dividend yield	—	—
Weighted average fair value of grants (US\$)	Nil	Nil

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The Company recognised total expenses of US\$772,608 (2020: US\$739,260) related to equity-settled share-based payment transactions.

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25 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	The Group		The Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Financial Assets				
Trade receivables	29,296,331	31,589,360	29,296,331	31,589,360
Other receivables	—	211,188	—	211,188
Contract assets	11,669,706	12,267,819	11,669,706	12,267,819
Cash and cash equivalents	24,198,641	18,722,028	24,103,446	18,629,176
	<u>65,164,678</u>	<u>62,790,395</u>	<u>65,069,483</u>	<u>62,697,543</u>
Financial Liabilities				
Trade and other payables	28,575,626	30,405,908	28,575,626	30,403,099
Lease liabilities	329,061	755,565	329,061	755,565
	<u>28,904,687</u>	<u>31,161,473</u>	<u>28,904,687</u>	<u>31,158,664</u>

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26 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The directors review and agree policies and procedures for the management of these risks which are executed by the management team. It is, and has been throughout the current and

Previous financial year, the Group's policy that no trading in derivatives for speculative purpose shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and contract assets. For other financial assets (including investment securities and cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (cont'd)

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

As at year-end, approximately 88.35% (2020: 79.12%) of the trade receivables are due from related companies.

Exposure to Credit Risk

The Group and the Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

See Note 8 for more disclosure on credit risk.

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Group finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Group.

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

2021	Within 1 year US\$	Within 2 to 5 years US\$	Total US\$
Financial Assets			
Trade and other receivables	29,296,331	—	29,296,331
Cash and cash equivalents	24,198,641	—	24,198,641
Contract assets	11,669,706	—	11,669,706
Total undiscounted financial Assets	<u>65,164,678</u>	<u>—</u>	<u>65,164,678</u>
Financial Liabilities			
Trade and other payables	28,575,626	—	28,575,626
Lease liabilities	307,767	21,294	329,061
Total undiscounted financial liabilities	<u>28,883,393</u>	<u>21,294</u>	<u>28,904,687</u>
Total net undiscounted financial assets/(liabilities)	<u>36,281,285</u>	<u>(21,294)</u>	<u>36,259,991</u>

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26 FINANCIAL RISK MANAGEMENT (CONT'D)**Liquidity Risk (cont'd)**

2020	Within 1 year US\$	Within 2 to 5 years US\$	Total US\$
Financial Assets			
Trade and other receivables	31,800,548	—	31,800,548
Cash and cash equivalents	18,722,028	—	18,722,028
Contract assets	12,267,819	—	12,267,819
Total undiscounted financial assets	62,790,395	—	62,790,395
Financial Liabilities			
Trade and other payables	30,405,908	—	30,405,908
Lease liabilities	392,644	362,921	755,565
Total undiscounted financial liabilities	30,798,552	362,921	31,161,473
Total net undiscounted financial assets/(liabilities)	31,991,843	(362,921)	31,628,922

The Company

2021	Within 1 year US\$	Within 2 to 5 years US\$	Total US\$
Financial Assets			
Trade and other receivables	29,296,331	—	29,296,331
Cash and cash equivalents	24,103,446	—	24,103,446
Contract Assets	11,669,706	—	11,669,706
Total undiscounted financial assets	65,069,483	—	65,069,483
Financial Liabilities			
Trade and other payables	28,572,657	—	28,572,657
Lease liabilities	307,767	21,294	329,061
Total undiscounted financial Liabilities	28,880,424	21,294	28,901,718
Total net undiscounted financial assets/(liabilities)	36,189,059	(21,294)	36,167,765

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (cont'd)

2020	Within 1 year US\$	Within 2 to 5 years US\$	Total US\$
Financial Assets			
Trade and other receivables	31,800,548	—	31,800,548
Cash and cash equivalents	18,629,176	—	18,629,176
Contract Assets	12,267,819	—	12,267,819
Total undiscounted financial Assets	62,697,543	—	62,697,543
Financial Liabilities			
Trade and other payables	30,403,099	-	30,403,099
Lease liabilities	392,644	362,921	755,565
Total undiscounted financial liabilities	30,795,743	362,921	31,158,664
Total net undiscounted financial assets/(liabilities)	31,901,800	(362,921)	31,538,879

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Group is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

Foreign Currency Risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group has transactional currency exposures arising from sales or purchases that are denominated in currency other than the functional currency of the Company, primarily Australian Dollar (AUD), Singapore Dollar (SGD) and others.

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26 FINANCIAL RISK MANAGEMENT (CONT'D)**Foreign Currency Risk (cont'd)**

The Group's exposure to major foreign currencies are as follows:

	AUD US\$	SGD US\$	Others US\$
2021			
Trade receivables	12,520,945	982,327	6,169,546
Other receivables	1,390,865	628,887	2,404,664
Contract assets	3,559,326	648,041	2,869,465
Cash and cash equivalents	9,128,636	1,186,259	12,761,020
Trade and other payables	(6,337,260)	(7,525,829)	(4,810,015)
	<u>20,262,512</u>	<u>(4,080,315)</u>	<u>19,394,680</u>
2020			
Trade receivables	6,426,598	1,189,497	7,778,874
Other receivables	759,204	390,672	198,821
Contract assets	3,773,295	95,119	2,321,505
Cash and cash equivalents	4,308,923	2,096,565	10,385,189
Trade and other payables	(6,793,575)	(3,054,885)	(4,787,546)
	<u>8,474,445</u>	<u>716,968</u>	<u>15,896,843</u>

The Company's exposure to major foreign currencies are as follows:

	AUD US\$	SGD US\$	Others US\$
2021			
Trade receivables	12,520,945	982,327	6,169,546
Other receivables	1,386,816	(748,894)	3,751,983
Contract assets	3,559,326	648,041	2,869,465
Cash and cash equivalents	9,128,636	1,091,064	12,761,020
Trade and other payables	(6,337,260)	(7,528,797)	(4,810,015)
	<u>20,258,463</u>	<u>(5,556,259)</u>	<u>20,741,999</u>
2020			
Trade receivables	6,426,598	1,189,497	7,778,874
Other receivables	759,204	390,672	198,821
Contract assets	3,773,295	95,119	2,321,505
Cash and cash equivalents	4,308,923	2,003,713	10,385,189
Trade and other payables	(6,793,573)	(3,052,078)	(4,787,546)
	<u>8,474,447</u>	<u>626,923</u>	<u>15,896,843</u>

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign Currency Risk (cont'd)

Sensitivity analysis

A 10% strengthening of United States Dollar against the following currencies at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group	Profit or loss (before tax) US\$
2021	
Australian Dollar	(2,026,251)
Singapore Dollar	408,031
Others	(1,939,468)
	<u>(3,557,688)</u>
2020	
Australian Dollar	(847,445)
Singapore Dollar	(71,697)
Others	(1,589,684)
	<u>(2,508,826)</u>
The Company	
	Profit or loss (before tax) US\$
2021	
Australian Dollar	(2,025,846)
Singapore Dollar	555,626
Others	(2,074,200)
	<u>(3,544,420)</u>
2020	
Australian Dollar	(847,445)
Singapore Dollar	(62,692)
Others	(1,589,684)
	<u>(2,499,821)</u>

A 10% weakening of United States Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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27 FAIR VALUE

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Cash and Cash Equivalents, Other Receivables and Other Payables, Trade Receivables and Trade Payables, Amount due from Immediate Holding and Related Companies

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

28 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

No specific gearing ratio has been determined by management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the previous financial year.

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28 CAPITAL MANAGEMENT (CONT'D)

The gearing ratios at 31 March were as follows:

	The Group		The Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Total trade and other payables and lease liabilities	49,874,985	50,304,999	49,872,016	50,302,190
Less: Cash and equivalents	(24,198,641)	(18,722,028)	(24,103,446)	(18,629,176)
Net debts	25,676,344	31,582,971	25,768,570	31,673,014
Total equity	11,542,118	10,682,774	11,409,721	10,592,731
Total capital	37,218,462	42,265,745	37,178,291	42,265,745
Gearing ratio	0.69	0.75	0.69	0.75

The Group and the Company do not have any externally imposed capital requirements for the financial years ended 31 March 2021 and 31 March 2020.

29. Authorization of financial statements for issue

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 2 July 2021.