Aravon Services Private Limited

Financial statements together with the Independent Auditors' Report for the year ended 31 March 2017

Aravon Services Private Limited

Financial statements together with the Auditors' Report
for the year ended 31 March 2017

Contents

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Aravon Services Private Limited (Formerly known as ARAMARK India Private Limited) ('the Company') which comprise the Balance sheet as at 31 March 2017, the Statement of profit and loss (including Other comprehensive income), the Statement of changes in equity and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

Independent Auditor's Report *(Continued)*

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Auditor's responsibility *(Continued)*

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

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

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance sheet, the Statement of profit and loss (including other comprehensive income), the Statement of changes in equity and the Cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report *(Continued)*

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Report on Other Legal and Regulatory Requirements ***(Continued)***

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

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30.1 to the Ind AS financial statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosure in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016, on the basis of information available with the Company. Based on audit procedures and relying on management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. However, as stated in Note 30.9 to the Ind AS financial statements, amounts aggregating to Rs. 132,000 as represented to us by the Management have been received by the Company from transactions which are not permitted – Refer Note 30.9 to the Ind AS financial statements.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/ W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – A to the Independent Auditor's Report – 31 March 2017

(Referred to in our report of even date)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no immovable properties are held by the Company. Thus, clause (c) of paragraph 3(i) of the Order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and these have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clauses (a), (b) and (c) of paragraph 3(iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees or security. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.

(vi) As informed to us by the management, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any of the goods sold and services rendered/ activities undertaken by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service tax, Sales-tax/value added tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. According to information and explanations given to us, the Company did not have any dues on account of duty of customs, duty of excise and cess.

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure A to the Independent Auditor's Report – 31 March 2017 *(Continued)*

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax and Sales-tax/value added tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable, except for the dues stated below:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates
Professional Tax Act, 1975	Professional tax	80,404	2007-08
	Professional tax	102,315	2008-09
	Professional tax	8,170	2010-11
	Professional tax	14,573	2011-12

(b) According to the information and explanations given to us, there are no dues of Income-tax, Service tax and Sales-tax/value added tax which have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	6,288,410	2008-09	Income Tax Appellate Tribunal
Income-tax Act, 1961	Penalty	5,570,336	2008-09	Commissioner of Income tax (Appeals)
Maharashtra Value Added Tax, 2002	Penalty	498,879	2008-09	Deputy Commissioner of Sales Tax
Finance Act,1994	Cenvat Credit	1,289,182	2009-14	Commissioner of Service Tax (Appeals)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any loans or borrowings from any financial institutions, government or debenture-holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure A to the Independent Auditor's Report – 31 March 2017 *(Continued)*

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided for managerial remuneration during the year in respect of which the provisions of Section 197 of the Act are applicable and hence paragraph 3(xi) of the Order is not commented upon.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/ W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – B to the Independent Auditor's Report – 31 March 2017

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Aravon Services Private Limited (Formerly known as ARAMARK India Private Limited) ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Aravon Services Private Limited

(Formerly known as ARAMARK India Private Limited)

Annexure – B to the Independent Auditor's Report – 31 March 2017 *(Continued)*

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/ W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
28 April 2017

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Balance Sheet

as at 31 March 2017

(Amount in Rs.)

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	5,832,028	13,961,439	20,783,309
Intangible assets	5	909,505	2,194,819	1,943,020
Financial assets				
-Other financial assets	6	4,257,607	5,347,024	2,218,248
Deferred tax assets	7	20,513,424	-	-
Income tax assets	7	49,900,923	37,182,427	28,889,811
Other non-current assets	8	122,928	442,470	-
Total non-current assets		**81,536,415**	**59,128,179**	**53,834,388**
Current assets				
Inventories	9	5,071,903	5,054,785	2,911,056
Financial assets				
-Trade and other receivables	10	110,109,206	108,873,658	80,116,113
-Cash and cash equivalents	11	36,734,423	37,046,096	19,448,899
-Bank balances other than above	12	1,028,777	130,129	-
-Other financial assets	13	31,212,147	15,059,116	19,710,076
Other current assets	14	4,359,038	3,678,660	4,966,204
Total current assets		**188,515,494**	**169,842,444**	**127,152,348**
Total assets		**270,051,909**	**228,970,623**	**180,986,736**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	394,115,570	394,115,570	394,115,570
Other equity	16	(283,032,455)	(350,110,793)	(304,615,714)
		111,083,115	**44,004,777**	**89,499,856**
Liabilities				
Non-current liabilities				
Provisions	17	58,294,374	53,286,678	-
Total non-current liabilities		**58,294,374**	**53,286,678**	**-**
Current liabilities				
Financial liabilities				
-Borrowings	18	-	43,598,281	-
-Trade payables	19	21,119,653	15,920,364	10,590,512
-Other financial liabilities	20	65,477,104	56,721,437	65,045,825
Other current liabilities	21	9,742,850	10,326,689	8,630,975
Provisions	22	4,334,813	5,112,397	7,219,568
Total current liabilities		**100,674,420**	**131,679,168**	**91,486,880**
Total liabilities		**158,968,794**	**184,965,846**	**91,486,880**
Total equity and liabilities		**270,051,909**	**228,970,623**	**180,986,736**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231 W/W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Statement of Profit and Loss
for the year ended 31 March 2017

(Amount in Rs.)

Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	23	659,997,376	542,140,253
Other income	24	1,436,227	4,403,463
Total Income		**661,433,603**	**546,543,716**
Expenses			
Cost of material and stores and spare parts consumed	25	92,310,805	64,268,535
Employee benefits expense	26	450,852,215	387,138,468
Finance costs	27	2,342,486	2,777,506
Depreciation and amortization expense	28	9,962,917	15,733,915
Other expenses	29	57,120,481	120,897,975
Total expenses		**612,588,904**	**590,816,399**
Profit/(loss) before tax		48,844,699	(44,272,683)
Tax credit/(expense)	7		
Current tax		-	-
Deferred tax (refer note 30.11)		20,513,424	-
Income tax expense		**20,513,424**	**-**
Profit/(loss) for the year		**69,358,123**	**(44,272,683)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(2,629,785)	(1,572,396)
Income tax relating to items that will not be reclassified to profit and loss (refer note 30.11)		-	-
Other comprehensive income for the year (net of tax)		**(2,629,785)**	**(1,572,396)**
Total comprehensive income for the year (net of tax)		**66,728,338**	**(45,845,079)**
Earnings per equity share (face value of Rs. 10 each)	30.8		
Basic (Rs.)		1.76	(1.13)
Diluted (Rs.)		1.76	(1.13)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Nupur Singh

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Statement of Changes in Equity

for the year ended 31 March 2017

(Amount in Rs)

Particulars	Share Capital	Other Equity				Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			Other Comprehensive Income	
		Securities Premium	Retained Earnings	Other reserves	Items of Other comprehensive Income	
Balance as of 1 April 2015	**394,115,570**	**331,791,080**	**(636,406,794)**	-	-	**89,499,856**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Loss for the year	-	-	(44,272,683)	-		(44,272,683)
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan	-	-	(1,572,396)	-	-	(1,572,396)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as of 31 March 2016	**394,115,570**	**331,791,080**	**(682,251,873)**	**350,000**	-	**44,004,777**
Balance as of 1 April 2016	**394,115,570**	**331,791,080**	**(682,251,873)**	**350,000**	-	**44,004,777**
Add: Increase in Share Capital	-	-	-	-	-	-
Add: Profit for the year	-	-	69,358,123	-	-	69,358,123
Add: Other comprehensive income for the year						
Remeasurement loss on defined benefit plan (net of tax)	-	-	(2,629,785)	-	-	(2,629,785)
Add: Fair value of financial guarantee received	-	-	-	350,000	-	350,000
Balance as at 31 March 2017	**394,115,570**	**331,791,080**	**(615,523,535)**	**700,000**	-	**111,083,115**

As per our report of even date attached.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

Place: Mumbai
Date: 28 APR 2017

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Nupur Singh
Secretary
Membership No.: A36306

Place: Mumbai
Date: 28 APR 2017

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Statement of Cash Flow
for the year ended 31 March 2017

(Amount in Rs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Profit/(loss) before tax	48,844,699	(44,272,683)
Adjustments for:		
Depreciation and amortization expense	9,962,917	15,733,915
Loss/(Profit) on sale of fixed assets, net	1,516,429	(41,878)
Liabilities no longer required written back	(169,252)	(2,551,626)
Allowance for credit loss	1,277,265	8,021,157
Provision for disputed claims	-	53,214,555
Allowance for bad and doubtful deposits	129,000	163,495
Interest income on term deposits	(211,410)	(416,522)
Finance costs	2,342,486	2,777,506
Operating cash flows before working capital changes	**63,692,134**	**32,627,919**
Increase in inventories	(17,118)	(2,143,729)
Increase in trade and other receivable	(2,512,813)	(36,778,699)
(Increase)/Decrease in other financial assets	(16,251,252)	1,014,908
(Increase)/Decrease in other assets	(243,850)	962,060
Increase in trade payables	5,199,289	5,329,852
Increase/(Decrease) in other financial liabilities	8,187,020	(8,315,362)
(Decrease)/Increase in other liabilities	(583,839)	4,247,340
Increase/(Decrease) in provisions	1,600,327	(3,607,444)
Cash generated from /(used in) operations	**59,069,898**	**(6,663,155)**
Income taxes paid, net of refund	(12,718,496)	(8,292,615)
Net cash generated from/ (used in) operating activities (A)	**46,351,402**	**(14,955,770)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets, net of sale proceeds	(1,106,709)	(9,130,988)
Bank deposits (having original maturity of more than three months)	(63,931)	211,047
Interest income on term deposits	215,318	419,119
Net cash used in investing activities (B)	**(955,322)**	**(8,500,822)**
Cash flows from financing activities		
(Repayment of)/proceeds from borrowings	(43,598,281)	43,598,281
Finance cost paid	(2,109,472)	(2,544,492)
Net cash (used in) / generated from financing activities (C)	**(45,707,753)**	**41,053,789**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(311,673)	17,597,197
Cash and cash equivalents at the beginning of the year	37,046,096	19,448,899
Cash and cash equivalents at the end of the year (refer note 11)	**36,734,423**	**37,046,096**

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231 W/W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Anupr Singh

Mumbai

Place: Mumbai

1. Company overview

Aravon Services Private Limited (formerly known ARAMARK India Private Limited) ('Aravon' or 'the Company') domiciled in India was incorporated on 19 July 2007 under the provisions of Companies Act 1956, applicable in India. The Company became wholly owned subsidiary of Quess Corp Limited ("Holding Company") w.e.f. 1 April 2015 pursuant to a share purchase agreement dated 12 February 2015 entered into between the Company, its erstwhile shareholders (Aramark Senior Notes Co. and Aramark India Holdings LLC.) and Quess Corp Limited. The Company is engaged in rendering integrated food and facility management services to corporate customers in India, predominantly in the areas of housekeeping services and guest house management services. The registered office of the Company is situated at Office No. 3, 1st floor, Trade Globe Building, J B Nagar, Andheri Kurla road, Andheri (East), Mumbai- 400059.

1.1 Going Concern

As at 31 March 2017, the accumulated losses have substantially eroded the net worth of the Company. However the Company has no intention of discontinuing its core business of facility management nor does the Company have any plans that may materially affect the carrying value or classification of assets and liabilities. The Management of the Company believes that the Company will be able to continue to operate as a going concern and meet all its liabilities as they fall due for payment based on its cash flow projections and unconditional financial support from Quess Corp Limited, the holding company as on date. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets or to amounts and classification of liabilities that may be necessary, if the Company is unable to continue as a going concern.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS with effect from financial year beginning on or after 1 April 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS and the provisions of the Companies Act, 2013 ('Act'). These are Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

Up to the year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Act as applicable.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from accounting principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the previous GAAP. Previous period numbers in the financial statements have been restated to Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note 3.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments) and net defined benefit (asset)/ liability carried at fair value of plan assets less present value of defined benefit obligations.

2.1.3 Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

2.1 Significant accounting policies *(Continued)*

2.1.3 Use of estimates and judgment *(Continued)*

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Deferred tax:* Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognized that can result in a charge or credit in the period in which the change occurs

iv) *Employee benefits*: Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for benefits are determined as follows:

a) Discount and inflation rates reflect the rates at which benefits could be effectively settled, taking into account the duration of the obligation. Indications used in selecting the discount rate include rates of annuity contracts and rates of return on high quality fixed-income investments (such as government bonds). The inflation rates reflect market conditions observed country by country;

b) The future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; and

c) Demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for the individual employees involved, based principally on available actuarial data.

v) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. Details information about estimates used in property, plant and equipment and intangible assets are included in the accounting policies.

2.1.4 Current - non current classification

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

2.1 Significant accounting policies *(Continued)*

2.1.4 Current - non current classification *(Continued)*

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.1.5 Foreign currency transactions and balances

The financial statements are presented in Indian Rupees ('Rs.'), which is also the Company's functional currency.

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Transaction in foreign currencies including revenue, expense and cash-flow items are translated into the relevant functional currency using the exchange rate in effect on the date of the transaction.

2.1.6 Financial instruments

2.1.6.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.1.6.2 Subsequent measurement

Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets: and
- the contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

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2.1 Significant accounting policies (Continued)

2.1.6 Financial instruments *(Continued)*

2.1.6.2 Subsequent measurement *(Continued)*

Non- derivative financial instruments *(Continued)*

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognized in other comprehensive income which is not subsequently reclassified to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of availing the financial guarantee from holding company is recognized initially as an asset giving corresponding effect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the guarantee period and shown as a part of ' Finance costs' in the financial statements.

2.1.6.3 Derecognition of financial assets and liabilities

A financial asset is derecognized only when
- The Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. Where the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.1.6.4 Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables is measured based on the lifetime expected credit losses using the practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on the provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivable are due and the rates calculated in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss

2.1.6.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liablity simultanesously.

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2.1 Significant accounting policies (Continued)

2.1.7 Property, plant and equipment

a Tangible assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on the straight line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. During the previous year, the Company revised the estimated useful life of certain fixed assets, since the management believed that these revised useful lives more appropriately reflect the period of economic benefit to be derived from the use of such assets and hence would result in a more appropriate preparation and presentation of the financial statements. Based on the techincal evaluation and consequent advice, the management beleives that its estimates of useful lives as given below best represent the period over which management expects to use these assets. The useful lives are as below: -

Category	Management estimate of useful life	Useful life as Schedule II
Plant and machinery	3 years	8-20 years
Computer equipment	3 years	3 -6 years
Furniture and fixtures	5 years	10 years
Office equipment	5 years	5 years
Vehicles	3 years	6-10 years
Leasehold improvements	As per lease term	Not defined

Leasehold improvements are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Depreciation is generally recognised in the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property,plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (see Note

b Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of intangible assets. (see Note 3)

B S R & Associates LLP Chartered Accountants, 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai - 400 011, India.

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2.1 Significant accounting policies (Continued)

c Impairment of property, plant and equipment and intangible assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.
If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment losses are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation
For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.1.7 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating lease is generally recognized as an expense/income in the statement of profit and loss on a straight line basis over the term of the relevant lease.
Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2.1.8 Employee benefit

(a) Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in statement of profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.Net interest expense and other expenses related to the defined benefit plan are recognised in the statement of profit and loss.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences are measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date.

2.1 Significant accounting policies (Continued)

(d) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

2.1.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.1.10 Revenue

Revenue is recognized upon rendering of services as per customer contracts to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.1.11 Other income

Other income is comprised primarily of interest income and rental income. Interest income is recognized using the effective interest method. Rental income is recognized on a straight line basis over the term of the relevant lease.

2.1.12 Inventories

Inventories which comprise of food, operating supplies and cleaning consumables are valued at the lower of cost and net realizable value. Cost is determined on the basis of first in first out (FIFO) method and includes all costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

2.1.13 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.
The costs of the Company are broadly categorized in employee benefit expenses, depreciation and amortization and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include sub-contractor charges, rent, recruitment and training expenses, travelling and conveyance, legal and professional fees and communication expenses.

2.1.14 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.1.15 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets -unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

2.1 Significant accounting policies (Continued)

2.1.16 Equity

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net off direct issue cost.

2.1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.1.18 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(Amount in Rs)

3. First-time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Act / Companies (Accounting Standards) Rules, 2006, as applicable and other relevant provisions of the Act ('Previous GAAP').
The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016 and the opening Ind AS balance sheet as on the date of transition i.e. 1 April 2015 as per the accounting policies set out in Note No 2.1. In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements and how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

3.1 Exemptions and exceptions availed on first time adoption of Ind-AS

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plant and equipment and Intangible assets
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates
AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

(i)Impairment of financial assets based on expected credit loss model.
(ii)Fair value of financial assets (financial guarantee contracts).

b) Classification of debt instruments
The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through other comprehensive income criteria based on the facts and circumstances that existed as of the transition date.

c) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
for the year ended 31 March 2017

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from Previous GAAP:

1. Reconciliation of Balance Sheet as at 1 April 2015 and 31 March 2016.
2. Reconciliation of Equity as at 1 April 2015 and 31 March 2016.
3. Reconciliation of total comprehensive income for the year ended 31 March 2016.

Reconciliation of Balance Sheet as previously reported under Previous GAAP to Ind AS *(Amount in Rs)*

Particulars	Note	*As at 31 March 2016*			*As at 1 April 2015*		
		Previous GAAP *	Adjustment on transition to Ind-AS	Ind AS	Previous GAAP *	Adjustment on transition to Ind-AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		13,961,439	-	13,961,439	20,783,309	-	20,783,309
Intangible assets		2,194,819	-	2,194,819	1,943,020	-	1,943,020
Financial assets							
-Other financial assets	(a)	6,159,172	(812,148)	5,347,024	2,218,248	-	2,218,248
Income tax assets (net)		37,182,427	-	37,182,427	28,889,811	-	28,889,811
Other non-current assets	(a)	-	442,470	442,470	-	-	-
		59,497,857	**(369,678)**	**59,128,179**	**53,834,388**	**-**	**53,834,388**
Current Assets							
Inventories		5,054,785	-	5,054,785	2,911,056	-	2,911,056
Financial assets							
-Trade and other receivables	(e)	113,546,017	(4,672,359)	108,873,658	87,120,246	(7,004,133)	80,116,113
-Cash and cash equivalents		37,046,096	-	37,046,096	19,448,899	-	19,448,899
-Bank balance other than above		130,129	-	130,129	-	-	-
-Other financial assets		15,059,116	-	15,059,116	19,710,076	-	19,710,076
Other current assets	(a), (c)	3,223,454	455,206	3,678,660	4,966,204	-	4,966,204
		174,059,597	**(4,217,153)**	**169,842,444**	**134,156,481**	**(7,004,133)**	**127,152,348**
Total Assets		**233,557,454**	**(4,586,831)**	**228,970,623**	**187,990,869**	**(7,004,133)**	**180,986,736**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		394,115,570	-	394,115,570	394,115,570	-	394,115,570
Other equity	(a), (b), (c), (e), (f)	(346,095,570)	(4,015,223)	(350,110,793)	(297,611,581)	(7,004,133)	(304,615,714)
		48,020,000	**(4,015,223)**	**44,004,777**	**96,503,989**	**(7,004,133)**	**89,499,856**
Liabilities							
Non-current liabilities							
Provisions		53,286,678	-	53,286,678	-	-	-
Other long term liabilities	(f)	571,608	(571,608)	-			
		53,858,286	**(571,608)**	**53,286,678**	**-**	**-**	**-**
Current liabilities							
Financial liabilities							
-Borrowings		43,598,281	-	43,598,281	-	-	-
-Trade payables		15,920,364		15,920,364	10,590,512	-	10,590,512
-Other financial liabilities		56,721,437	-	56,721,437	65,045,825	-	65,045,825
Other current liabilities		10,326,689	-	10,326,689	8,630,975	-	8,630,975
Provisions		5,112,397	-	5,112,397	7,219,568	-	7,219,568
		131,679,168	**-**	**131,679,168**	**91,486,880**	**-**	**91,486,880**
Total Equity and Liabilities		**233,557,454**	**(4,586,831)**	**228,970,623**	**187,990,869**	**(7,004,133)**	**180,986,736**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Reconciliation of Equity as previously reported under Previous GAAP to Ind AS

Particulars	Note	As at 31 March 2016	As at 1 April 2015
Total equity under Previous GAAP		(346,095,570)	(297,611,581)
Impairment of trade receivable as per expected credit loss model under Ind AS 109	(e)	(4,672,359)	(7,004,133)
Operating lease not accounted for on a straight line basis as per Ind AS 17	(f)	571,608	-
Measurement of financial guarantee contracts	(c)	116,984	-
Measurement of financial assets at fair value	(a)	(31,456)	-
Total adjustment to equity		**(4,015,223)**	**(7,004,133)**
Total equity under Ind AS		**(350,110,793)**	**(304,615,714)**

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ARAVON SERVICES PRIVATE LIMITED

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Reconciliation of total comprehensive income as previously reported under Previous GAAP to Ind AS

(Amount in Rs)

Particulars	Note	*Year ended 31 March 2016*		
		Previous GAAP *	**Adjustment on transition to Ind-AS**	**Ind AS**
Income				
Revenue from operations		542,140,253	-	542,140,253
Other income	(a)	4,128,055	275,408	4,403,463
Total Income		**546,268,308**	**275,408**	**546,543,716**
Expenses				
Cost of material and stores and spare parts consumed		64,268,535	-	64,268,535
Employee benefits expense	(d)	388,710,864	(1,572,396)	387,138,468
Finance costs	(a),(c)	2,544,492	233,014	2,777,506
Depreciation and amortization expense		15,733,915	-	15,733,915
Other expenses	(a),(e),(f)	123,494,490	(2,596,515)	120,897,975
Total expenses		**594,752,296**	**(3,935,897)**	**590,816,399**
Loss before tax		**(48,483,988)**	**4,211,305**	**(44,272,683)**
Tax expense				
Current tax		-	-	-
Deferred tax	(b)	-	-	-
Loss for the year		**(48,483,988)**	**4,211,305**	**(44,272,683)**
Other comprehensive income				
Re-measurement gains / (losses) on defined benefit plans	(d),(g)	-	(1,572,396)	(1,572,396)
Other comprehensive income for the year		-	-	-
Income tax				
Other comprehensive income for the year		-	(1,572,396)	(1,572,396)
Total comprehensive income for the year		**(48,483,988)**	**2,638,909**	**(45,845,079)**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS:

(a) Fair value of financial assets

Under Ind AS, financial instruments other than those designated at FVTPL (fair value through profit and loss) and FVTOCI (fair value through other comprehensive income) are measured at amortized cost. Under Previous GAAP, they were recognized at cost. Security deposits are carried at amortized cost using effective interest method. This has resulted in decrease in deposits by Rs. 1,087,554 and increase in prepaid rent by Rs. 1,087,554. Correspondingly, interest has been recognized on security deposits and prepaid rent has been amortized for the year ended March 31, 2016.

(b) Deferred taxes

Under Ind AS, deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance sheet and tax base. Previous GAAP requires deferred tax accounting using the income statement approach. This results in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. On the date of transition, the impact on retained earnings is Rs. Nil (31 March 2016: Rs. Nil) on account of non-recognition of deferred tax assets upto the year ended 31 March 2016 due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

(c) Financial guarantee

Under Ind AS, financial guarantee contract provided by the parent company against the liability of a subsidiary, even if no consideration is

(Amount in Rs)

3. First-time adoption of Ind-AS *(Continued)*

3.2 Reconciliations *(Continued)*

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS: (Continued)

(d) Defined benefit plan

Both under Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, is charged to Statement of profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the Balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income. Therefore the employee benefit cost is reduced by Rs. 1,572,396 and remeasurement losses on defined benefit plans has been recognized in Other comprehensive income.

(e) Trade receivables

Under Previous GAAP, the provision for impairment of receivables was made in respect of specific amounts/customers for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by Rs.7,004,133 on 1 April 2015 which has been eliminated against retained earnings. The gain of Rs. 2,331,771 for year ended 31 March 2016 has been recognized in the Statement of profit and loss.

(f) Leases

Under Previous GAAP lease payments are recognized in the Statement of profit and loss on a straight line basis. However under Ind AS, lease payments are not recognized on a straight line basis if payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This has resulted in increase in profit for the year ended 31 March 2016 by Rs. 571,608 with a corresponding decrease in the lease straight lining liability.

(g) Other comprehensive income

Under Previous GAAP, the Company has not presented Other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP loss to loss as per Ind AS. Further, Previous GAAP loss is reconciled to total comprehensive income as per Ind AS.

(h) Statement of Cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Notes to the financial statements *(Continued)*
as at 31 March 2017

(Amount in Rs.)

4 Property, plant and equipment

Particulars	Leasehold	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Computer equipment	Total
Cost / Deemed cost (gross carrying value)							
As at 1 April 2015	833,647	400,512	1,662,243	1,318,529	13,687,095	2,881,283	20,783,309
Additions	1,960,670	37,500	880,108	502,367	3,795,482	1,333,655	8,509,782
Disposals	833,647	194,024	1,215,818	125,865	-	12,105	2,381,459
As at 31 March 2016	**1,960,670**	**243,988**	**1,326,533**	**1,695,031**	**17,482,577**	**4,202,833**	**26,911,632**
Additions	-	3,400	-	31,322	1,888,112	158,757	2,081,591
Disposals	1,960,670	5,951	-	179,113	4,105	6,665	2,156,504
As at 31 March 2017	**-**	**241,437**	**1,326,533**	**1,547,240**	**19,366,584**	**4,354,925**	**26,836,719**
Accumulated depreciation							
Charge for the year	1,084,992	253,923	965,623	533,984	9,849,992	1,957,337	14,645,851
Disposals	833,647	194,024	531,919	125,865	-	10,203	1,695,658
As at 31 March 2016	**251,345**	**59,899**	**433,704**	**408,119**	**9,849,992**	**1,947,134**	**12,950,193**
Charge for the year	241,973	67,162	391,242	430,407	6,128,804	1,418,015	8,677,603
Disposals	493,318	3,142	-	121,329	4,104	1,212	623,105
As at 31 March 2017	**-**	**123,919**	**824,946**	**717,197**	**15,974,692**	**3,363,937**	**21,004,691**
Net Block							
As at 31 March 2017	**-**	**117,518**	**501,587**	**830,043**	**3,391,892**	**990,988**	**5,832,028**
As at 31 March 2016	**1,709,325**	**184,089**	**892,829**	**1,286,912**	**7,632,585**	**2,255,699**	**13,961,439**

Note:
All fixed assets except leasehold improvements are subject to first charge to secure the cash credit facility availed from bank. Also refer Note no. 18.2.

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ARAVON SERVICES PRIVATE LIMITED *

(Amount in Rs.)

5 Intangible assets

Particulars	Computer software	Total
Cost / Deemed cost (gross carrying value)		
As at 1 April 2015	1,943,020	1,943,020
Additions	1,339,863	1,339,863
Disposals	-	-
As at 31 March 2016	**3,282,883**	**3,282,883**
Additions	-	-
Disposals	-	-
As at 31 March 2017	**3,282,883**	**3,282,883**
Accumulated depreciation		
Charge for the year	1,088,064	1,088,064
Disposals	-	-
As at 31 March 2016	**1,088,064**	**1,088,064**
Charge for the year	1,285,314	1,285,314
Disposals	-	-
As at 31 March 2017	**2,373,378**	**2,373,378**
Net Block		
As at 31 March 2017	**909,505**	**909,505**
As at 31 March 2016	**2,194,819**	**2,194,819**

B S R & Associates LLP * Chartered Accountants *

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Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*

as at 31 March 2017

(Amount in Rs.)

6 Other non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good, unless otherwise stated)			
Security deposits			
Considered good	3,866,484	4,100,547	630,595
Doubtful	129,000	-	-
Less: Allowance for bad and doubtful deposits	(129,000)	-	-
Bank deposits (maturing after 12 months from the reporting date) #	389,973	1,224,690	1,587,350
Interest accrued but not due	1,150	21,787	303
	4,257,607	**5,347,024**	**2,218,248**

Fixed deposit under lien for the guarantees issued by the bank to government authorities.

(Amount in Rs.)

7 Income tax

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

Particulars	For the year ended 31 March 2017	31 March 2016
Profit and loss account		
Current income tax	-	-
Deferred tax credit (refer note 30.11)	20,513,424	-
Tax credit/(expense) reported in the profit and loss	**20,513,424**	-
Other comprehensive income		
Deferred tax related to items recognized in Other comprehensive income during the year (refer note 30.11)	-	-
Total	**20,513,424**	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

	For the year ended 31 March 2017	31 March 2016
Profit before tax	48,844,699	- #
Enacted income tax rate in India	33.06%	30.90%
Computed expected tax expense	16,148,057	-
Effect of:		
Previously unrecognized tax losses now recouped to reduce current tax expense	(16,148,057)	-
Deferred tax credit (refer note 30.11)	20,513,424	-
Total tax credit/(expense)	**20,513,424**	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 33.06% and 30.90% respectively.

No tax recognized in lieu of loss for the year. (Also refer note 30.11)

Deferred tax

Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	For the period ended 31 March 2017	31 March 2016
Property, plant and equipment	18,510,931	18,327,836	19,535,177	18,510,931	18,327,836
Provision for doubtful receivables/deposits	12,084,089	10,858,898	8,449,560	12,084,089	10,858,898
Provision for compensated absences	1,500,462	1,250,671	1,289,236	1,500,462	1,250,671
Provision for gratuity	1,612,297	351,345	984,928	1,612,297	351,345
Provision for bonus	8,692,465	6,488,694	5,658,233	8,692,465	6,488,694
Provision for disputed tax claims	17,594,328	16,443,297	-	17,594,328	16,443,297
Losses available for offsetting against future taxable income	38,936,234	56,058,545	65,970,850	38,936,234	56,058,545
Others	3,695,087	1,849,962	2,827,171	3,695,087	1,849,962
Deferred tax assets	**102,625,893**	**111,629,248**	**104,715,155**	**102,625,893**	**111,629,248**
Net deferred tax assets recognized (Refer Note 30.11)	**20,513,424**	-*	-*	**20,513,424**	-*

* The company has not recognized deferred tax asset as at 31 March 2016 and 01 April 2015, due to absence of reasonable certainty of set off of unabsorbed losses against taxable profits in the foreseeable future.

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*

as at 31 March 2017

(Amount in Rs.)

7 Income tax *(Continued)*

Unrecognized deductible temporary differences, unused tax losses and unused tax credits:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Property, plant and equipment	18,510,931	18,327,836	19,535,177
Provision for doubtful receivables/deposits	12,084,089	10,858,898	8,449,560
Provision for compensated absences	67,243	1,250,671	1,289,236
Provision for gratuity	1,389,360	351,345	984,928
Provision for bonus	5,318,425	6,488,694	5,658,233
Provision for disputed tax claims	17,594,328	16,443,297	-
Losses available for offsetting against future taxable income	27,079,629	56,058,545	65,970,850
Others	68,464	1,849,962	2,827,171
	82,112,469	**111,629,248**	**104,715,155**

The following table provides the details of deferred tax assets recognized as of 31 March 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets	20,513,424	-	-
Deferred tax liabilities	-	-	-
Net deferred tax assets at the end of the year	**20,513,424**	**-**	**-**

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax assets	49,900,923	37,182,427	28,889,811
Income tax liabilities	-	-	-
Net income tax assets at the end of the year	**49,900,923**	**37,182,427**	**28,889,811**

(Amount in Rs.)

8 Other non-current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	122,928	442,470	-
	122,928	**442,470**	**-**

9 Inventories

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Valued at lower of cost and net realizable value)			
Consumables (Refer Note 18.2)	5,071,903	5,054,785	2,911,056
	5,071,903	**5,054,785**	**2,911,056**

10 Trade receivables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good*	110,109,206	108,873,658	80,116,113
Doubtful*	32,722,055	31,444,790	23,423,633
Less: Allowance for credit loss (refer note 30.15)	(32,722,055)	(31,444,790)	(23,423,633)
	110,109,206	**108,873,658**	**80,116,113**

* Refer Note 18.2

11 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks*			
In current accounts	36,018,170	6,459,949	7,654,269
In deposit accounts (original maturity of 3 months or less) #	-	30,000,000	11,167,000
Cash in hand*	716,253	586,147	627,630
	36,734,423	**37,046,096**	**19,448,899**

*Refer Note 18.2

Fixed deposit under lien for the guarantees issued by the bank to government authorities and customers.

12 Other bank balances

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
In deposit accounts (maturing after 3 months from the reporting date) * #	1,028,777	130,129	-
	1,028,777	**130,129**	**-**

*Refer Note 18.2

Fixed deposit under lien for the guarantees issued by the bank to government authorities and customers.

(Amount in Rs.)

13 Other financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good, unless otherwise stated)			
Security deposits*			
Considered good	1,330,385	2,773,198	8,140,670
Doubtful	3,697,274	3,697,274	3,533,780
Less: Allowance for bad and doubtful deposits	(3,697,274)	(3,697,274)	(3,533,780)
Interest accrued but not due*	20,617	3,888	27,969
Unbilled revenue*	28,788,629	10,897,951	11,410,502
Others*	1,072,516	1,384,079	130,935
	31,212,147	**15,059,116**	**19,710,076**

*Refer Note 18.2

14 Other current assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Advances other than capital advances			
Advances to suppliers*	69,057	29,216	-
Advances to employees*	193,778	201,667	224,960
Prepaid expenses	1,907,037	1,447,209	1,366,143
Cenvat credit receivable	2,189,166	2,000,568	3,375,101
	4,359,038	**3,678,660**	**4,966,204**

*Refer Note 18.2

15 Share capital

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorized			
45,000,000 (As at 31 March 2016: 45,000,000 ; As at 1 April 2015: 45,000,000) equity shares of Rs. 10 each	450,000,000	450,000,000	450,000,000
	450,000,000	**450,000,000**	**450,000,000**
Issued, subscribed and fully paid-up			
39,411,557 (As at 31 March 2016: 39,411,557; As at 1 April 2015: 39,411,557) equity shares of Rs. 10 each	394,115,570	394,115,570	394,115,570
	394,115,570	**394,115,570**	**394,115,570**

Refer note 15.1 to 15.4 below

15.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Equity shares				
At the beginning of the year	39,411,557	394,115,570	39,411,557	394,115,570
Issued during the year	-	-	-	-
Outstanding at the end of the year	**39,411,557**	**394,115,570**	**39,411,557**	**394,115,570**

(Amount in Rs.)

15 Share capital *(Continued)*

15.2 Shares held by the holding company

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Equity shares of Rs. 10 each fully paid up						
Quess Corp Limited, the holding company	39,411,547	394,115,470	39,411,547	394,115,470	39,411,547	394,115,470
	39,411,547	**394,115,470**	**39,411,547**	**394,115,470**	**39,411,547**	**394,115,470**

15.3 Details of shareholder holding more than 5% share of aggregate shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of shares	% holding in class	Number of shares	% holding in class	Number of shares	% holding in class
Equity shares of Rs 10 each fully paid up						
Quess Corp Limited	**39,411,547**	**99.99%**	39,411,547	99.99%	39,411,547	99.99%

15.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share.
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

16 Other equity

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained earnings	(615,523,535)	(682,251,873)	(636,406,794)
Other reserves			
Securities premium reserve	331,791,080	331,791,080	331,791,080
Other reserves	700,000	350,000	-
	(283,032,455)	**(350,110,793)**	**(304,615,714)**
Securities premium account			
At the beginning of the year	331,791,080	331,791,080	
Add: Premium received on issue of equity shares	-	-	
At the end of the year	**331,791,080**	**331,791,080**	
Retained earnings			
At the beginning of the year	(682,251,873)	(636,406,794)	
Profit / (Loss) for the year	69,358,123	(44,272,683)	
Other comprehensive income for the year arising from remeasurement of defined benefit obligation	(2,629,785)	(1,572,396)	
At the end of the year	**(615,523,535)**	**(682,251,873)**	
Other reserves			
At the beginning of the year	350,000	-	
Add: Financial guarantee issued by the holding company	350,000	350,000	
At the end of the year	**700,000**	**350,000**	
	(283,032,455)	**(350,110,793)**	

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Notes to the financial statements *(Continued)*

as at 31 March 2017

(Amount in Rs.)

16 Other equity *(Continued)*

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Other reserves

Reserve represents financial guarantee contract provided by the parent company over borrowings of the Company measured at fair value with a corresponding increase in the other equity.

17 Non-current provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for compensated absences (refer note 30.2)	203,379	72,123	-
Provision for gratuity (refer note 30.2)	4,876,440	-	
	5,079,819	**72,123**	-
Others			
Provision for disputed claims (refer note 30.1 and 30.7)*	53,214,555	53,214,555	-
	53,214,555	**53,214,555**	-
	58,294,374	**53,286,678**	-

* The provision for disputed claims has not been discounted to the present value as it is not practicable for the Company to estimate the timings of cash outflow.

18 Borrowings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from bank repayable on demand			
Secured			
Cash credit (refer notes below)*	-	43,598,281	-
	-	**43,598,281**	-

18.1 * Cash credit from banks carry interest @ 1.65% over the Marginal Cost of Funds Based Lending Rate (MCLR) (31 March 2016 : 0.65% over the prime lending rate) computed on a monthly basis on actual amount utilized, and is repayable on demand. This is secured by way of pari passu first charge on the entire current assets of the Company both present and future and additionally by way of pari passu first charge on the entire movable fixed assets of the Company.

18.2 The carrying amounts of assets pledged as security for current borrowings are:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non current			
Non financial assets			
Furniture and fixtures	117,518	184,089	-
Vehicles	501,587	892,829	-
Office equipment	830,043	1,286,912	-
Plant and machinery	3,391,892	7,632,585	-
Computer equipment	990,988	2,255,699	-
	5,832,028	**12,252,11[illegible]**	

(Amount in Rs.)

18 Borrowings *(Continued)*

18.2 The carrying amounts of assets pledged as security for current borrowings are: *(Continued)*

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Current assets			
Financial assets			
Trade and other receivables	110,109,206	108,873,658	80,116,113
Cash and cash equivalents	36,734,423	37,046,096	19,448,899
Bank balance other than above	1,028,777	130,129	-
Other financial assets	31,212,147	15,059,116	19,710,076
	179,084,553	**161,108,999**	**119,275,088**
Non financial assets			
Inventories	5,071,903	5,054,785	2,911,056
Other current assets	262,835	230,883	224,960
	5,334,738	**5,285,668**	**3,136,016**
Grand total	**190,251,319**	**178,646,781**	**122,411,104**

19 Trade payables

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Payable to related parties (refer note 30.10)#	6,440	71,381	-
Total outstanding dues of micro enterprises and small enterprises (refer note 30.3)	-	42,209	101,745
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,113,213	15,806,774	10,488,767
	21,119,653	**15,920,364**	**10,590,512**

Represents amount payable to Co Achieve Solutions Private Limited, a company, in which directors are interested.

20 Other current financial liabilities

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Capital creditors	1,029,083	71,171	80,197
Other Payables			
Accrued salaries and benefits	64,423,521	56,306,306	64,557,739
Uniform deposits	24,500	343,960	407,889
	65,477,104	**56,721,437**	**65,045,825**

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
as at 31 March 2017

(Amount in Rs.)

21 Other current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues*	9,742,850	10,326,689	8,630,975
	9,742,850	**10,326,689**	**8,630,975**
* Statutory dues include			
Service tax	681,518	115,002	2,642,731
TDS payable	435,913	885,074	482,930
Provident fund	5,152,291	4,682,748	3,704,365
Employee's state insurance	1,126,110	948,725	873,066
Professional tax	538,679	461,866	405,762
Sales tax	1,801,148	3,215,304	499,129
Labour welfare fund	7,191	17,970	22,992
	9,742,850	**10,326,689**	**8,630,975**

22 Current provisions

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity (refer note 30.2)	-	1,137,041	3,126,755
Provision for compensated absences (refer note 30.2)	4,334,813	3,975,356	4,092,813
	4,334,813	**5,112,397**	**7,219,568**

B S R & Associates LLP Chartered Accountants Mumbai India

ARAVON PRIVATE LIMITED

(Amount in Rs.)

23 Sale of services

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Food Services	109,643,994	70,375,166
Housekeeping and manpower services	542,391,909	463,583,053
Rebillables and others	7,961,473	8,182,034
	659,997,376	**542,140,253**

24 Other income

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Interest received on financial assets- carried at amortized cost		
- Interest on bank deposits	211,410	416,522
- Others	313,580	275,408
Rental Income (refer note 30.5 and 30.10)	730,747	1,096,120
Profit on sale of fixed assets	-	41,878
Liabilities no longer required written back	169,252	2,551,626
Miscellaneous income	11,238	21,909
	1,436,227	**4,403,463**

25 Cost of material and stores and spare parts consumed

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Inventory at the beginning of the year	5,054,785	2,911,056
Add: Purchases during the year	92,327,923	66,412,264
Less: Inventory at the end of the year	5,071,903	5,054,785
Cost of materials and stores and spare parts consumed	**92,310,805**	**64,268,535**
Break-up of cost of materials consumed		
Food services	70,472,849	43,603,838
Housekeeping and manpower services	16,241,987	15,053,307
Rebillables and others	5,595,969	5,611,390
	92,310,805	**64,268,535**
Details of inventory		
Consumables		
Food Services	2,431,062	2,201,704
Housekeeping and manpower services	2,640,841	2,853,081
	5,071,903	**5,054,785**

26 Employee benefits expense

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Salaries and wages	388,095,288	327,859,119
Contribution to provident and other funds (Refer note 30.2)	43,821,944	38,211,093
Compensated absences (Refer note 30.2)	10,730,440	10,448,026
Staff welfare expenses	8,204,543	10,620,230
	450,852,215	**387,138,468**

(Amount in Rs.)

27 Finance costs

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Interest expense (Refer note 30.10)	2,342,486	2,179,006
Finance charges	-	598,500
	2,342,486	2,777,506

28 Depreciation and amortization expense

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Depreciation and amortization (refer note 4 and 5)	9,962,917	15,733,915
	9,962,917	15,733,915

29 Other expenses

Particulars	For the year ended 31 March 17	For the year ended 31 March 16
Power and fuel	7,185,434	4,470,628
Service charges	1,424,516	513,842
Transportation charges	5,700,854	4,266,936
Laundry expenses	232,857	374,576
Travelling and conveyance	3,746,659	7,299,133
Rent (Refer note 30.4)	16,159,196	15,490,404
Auditors' remuneration (Refer note below)	2,584,469	2,549,805
Communication expenses	2,143,491	2,547,692
Printing and stationery	1,064,539	1,394,011
Legal and professional fees	1,871,250	3,043,456
Vehicle expenses	52,281	5,746
Repairs and maintenance		
-Others	4,172,843	3,266,208
Customer equipment maintenance charges	-	1,954,793
Water and electricity charges	1,544,507	1,338,509
Brokerage expenses	66,150	811,600
Office expenses	550,046	528,755
Rates and taxes	1,790,297	55,987,527
Insurance	2,801,885	4,446,452
Allowance for credit loss (refer note 30.15)	1,277,265	8,021,157
Allowance for bad and doubtful deposits	129,000	163,495
Recruitment cost	221,250	531,250
Loss on fixed assets discarded (net)	1,516,429	-
Miscellaneous expenses	885,263	1,892,000
	57,120,481	120,897,975
Payment to auditors (net of service tax)		
As auditor		
Statutory audit	1,950,000	1,850,000
Tax audit	450,000	500,000
Reimbursement of expenses	184,469	199,805
	2,584,469	2,549,805

(Amount in Rs)

30 Notes to accounts

30.1 Contingent liabilities

(a) Contingent liabilities

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Notice of demand received under Section 156 of the Income-tax Act, 1961 pursuant to order passed under Section 144 of the Act for assessment year 2009-10, Income tax appellate tribunal upheld the best judgment assessment. The Company has filed a miscellaneous application for the rectification of order issued by the Income Tax Appellate Tribunal.	6,288,410	6,288,410	6,288,410
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled by the Income Tax Appellate Tribunal on the basis of miscellaneous application and accordingly no provision has been made.)			
Notice of demand received under Section 271 of the Income-tax Act, 1961 in respect of assessment year 2009-10, matter is pending with Commissioner of Income Tax (Appeals).	5,570,336	5,570,336	5,570,336
(The Company is contesting the demand and the Management, including its Tax Advisor, believes that the demand is likely to be cancelled and accordingly no provision has been			
Disputed Service Tax demand pending with the Commissioner of Service Tax.			
- From October 2007 till March 2012 *	97,234,488	97,234,488	142,026,621
- From April 2012 till September 2013 *	-	-	5,709,552
* Of the aggregate amount of Rs.147,736,173 disclosed as contingent liability as at 1 April 2015, the Company has made a provision of Rs. 50,406,030 during the previous year, out of abundant caution and further based on the consideration that the grounds of appeal for the said period are subject to interpretation of law. A sum of Rs 95,655 demanded by the Service Tax Department for the services rendered to EOU's during the period October 2007 till March 2012 was paid by the Company subsequent to receiving the demand in October 2012 and the same was charged to the statement of profit and loss during the year ended 31 March 2013. The balance amount of Rs.97,234,488 has been disclosed as contingent liability as at 31 March 2016. The same represents the payment of Rs. 97,234,488 made during the period October 2007 till March 2012 towards service tax collected from customers duly paid by the Company to the service tax authorities, which has inadvertently not been considered by the service tax department.			

(b) The provision for disputed claims of Rs. 53,214,555 made during the year ended 31 March 2016 comprises of:

	(Amount in Rs)
(i) Provision for disputed service tax demands made out of abundant caution for the period:	
- October 2007 till March 2012 (refer Note 30.1(a) above)	44,696,478
- April 2012 till September 2013 (refer Note 30.1(a) above)	5,709,552
- October 2013 to March 2014	1,519,343
(ii) interest and penalty demanded on inadmissible availment of input credit reversed subsequently for the period October 2009 to March 2014	1,289,182
	53,214,555

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits

(i) Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employees' State Insurance, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident fund for the year is Rs. 30,280,999 (31 March 2016: Rs. 25,714,002).

(ii) Defined benefit plan

Gratuity Plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's defined portion of last salary and the years of employment with the Company. The Company contributes each year to a gratuity fund administered by Life Insurance Corporation of India. The amount recognized as a expense in the statement of profit and loss including other comprehensive income towards gratuity is Rs. 7,075,467 (31 March 2016: Rs. 4,322,735).

(iii) Long term employment benefits

Compensated Absences

Eligible employees can carry forward their leave balances as per the terms of employment and encash leave on superannuation, death or permanent disablement during employment and resignation. The amount recognized as an expense in the statement of profit and loss for the year towards compensated absences is Rs. 10,730,440 (31 March 2016: Rs. 10,448,026).

Assumptions

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Discount rate	**6.56%**	7.34%
Salary growth	**12% for associates and 10% for core employees**	12% for associates and 10% for core employees
Attrition rate	**42% for associates and 25% for core employees**	42% for associates and 31% for core employees
Retirement age	**60 years**	60 years

The following table sets out the funded status of the gratuity plan and the amounts recognized in the financial statements as at 31 March 2017 and 31 March 2016:

(Amount in Rs)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Change in defined benefit obligation		
Obligation at the beginning of the year	12,878,099	11,592,105
Current service cost	4,362,282	2,500,511
Interest cost	944,582	926,209
Benefit paid	(3,064,401)	(3,036,741)
Re-measurement (gain) / loss	2,455,546	896,015
Obligation at end of the year	**17,576,108**	**12,878,099**
Change in plan assets		
Plan assets at beginning of the year, at fair value	11,741,058	8,465,350
Interest income on plan assets	861,182	676,381
Re-measurement (gain) / loss	(174,239)	(676,381)
Employer's contributions	3,336,069	6,312,449
Benefit paid	(3,064,402)	(3,036,741)

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(iv) Defined benefit plan (Continued)

Amount included in the balance sheet in respect of its defined benefit plan:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Present value of the defined benefit obligations at the end of the year	17,576,108	12,878,099	11,592,105
Fair value of plan assets at the end of the year	(12,699,668)	(11,741,058)	(8,465,350)
Net liability recognized in the balance sheet (deficit)	**4,876,440**	**1,137,041**	**3,126,755**
Current	-	**1,137,041**	**3,126,755**
Non-current	**4,876,440**	-	-

Amount recognized in the statement of profit and loss in respect of defined benefit plan: *(Amount in Rs)*

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	4,362,282	2,500,511
Net interest expense	83,400	249,828
Components of defined benefit plan recognized in the profit or loss	**4,445,682**	**2,750,339**
Re-measurement (gain) / loss arising from:		
-change in demographic assumptions	97,856	-
- change in financial assumptions	405,962	184,439
- experience variance (actual experience vs assumptions)	1,951,728	711,576
Return on plan assets, excluding amount recognized in net interest expense	174,239	676,381
Components of defined benefit plan recognized in other comprehensive income	**2,629,785**	**1,572,396**
Total	**7,075,467**	**4,322,735**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined liability is included in other comprehensive income.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

	As at 31 March 2017		As at 31 March 2016	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	17,035,101	18,149,961	12,508,474	13,268,436
Attrition Rate(50% movement)	14,100,957	25,333,396	10,585,330	17,874,639
Mortality Rate(10% movement)	17,576,949	17,575,267	12,878,910	12,877,287
Salary growth(1% movement)	18,118,349	17,054,340	13,131,911	12,632,406

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
There is no change in the method of valuation for the prior period.

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(iv) Defined benefit plan (Continued)

Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Funds managed by insurer	100%	100%	100%

Assumptions

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest rate	7.30%	8.00%
Discount rate	6.56%	7.34%
Estimated rate of return on plan assets	6.56%	7.34%
Salary growth	12% for associates and 10% for core employees	12% for associates and 10% for core employees
Attrition rate	42% for associates and 25% for core employees	42% for associates and 31% for core employees
Retirement age	60 years	60 years

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(v) Effect of Plan on Entity's Future Cash Flows

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising an a result of such valuation is funded by the Company.

Expected Contribution during the next annual reporting period

Particulars	31 March 2017	31 March 2016
The Company's best estimate of contribution during the next year	9,608,023	4,033,943

Maturity profile of defined benefit obligation

Particulars	31 March 2017	31 March 2016
Weighted average duration (based on discounted cash flows)	3 years	3 years

Expected cash flow over the next (valued on undiscounted basis)

Particulars	31 March 2017	31 March 2016
Within 1 year	4,645,832	3,949,949
2-5 years	12,790,831	9,620,555
6-10 years	3,826,384	2,698,352
More than 10 years	833,676	425,679

(vi) Description of Risk Exposures

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Aravon Services Private Limited

(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*

for the year ended 31 March 2017

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.2 Employee benefits (Continued)

(vi) Description of Risk Exposures (Continued)

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 10,00,000).

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

30.3 Due to micro and small suppliers

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to dues to Micro and Small Enterprises. On the basis of the information and records available with the management, the following are details related to Micro and Small Enterprises. This has been relied upon by the auditors.

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
- Principal	-	42,209	101,745
- Interest	-	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006')	-	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under MSMED Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-	-

30.4 Operating lease obligations

The Company is obligated under non-cancellable leases primarily for office premises which are renewable thereafter as per the term of the respective agreements. Rental payments under operating leases during the year aggregating Rs. 16,159,196 (31 March 2016: Rs. 15,490,404) has been charged to the statement of profit and loss.

Future minimum lease commitments in respect of non cancellable operating leases:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year	7,952,621	8,808,925	-
Later than one year and not later than five years	665,359	13,419,442	-
Total	8,617,980	22,228,367	-

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.5 Operating lease: Company as a sub-lessor

The Company has subleased one of its office premises taken on lease. The future minimum sublease payment expected to be received under non-cancellable sub-lease as at 31 March 2017 Rs. Nil (31 March 2016: Rs. Nil).

Sub-lease income has been included under 'Rental income' in the statement of profit and loss. Rs. 730,747 (31 March 2016: Rs. 1,096,120).

30.6 CIF Value of import

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
CIF Value of materials	-	926,311
Total	-	**926,311**

30.7 Movement in provision

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening Provision	53,214,555	-
Addition during the year	-	53,214,555
Balance at the end of the year	**53,214,555**	**53,214,555**

It is not practicable for the Company to estimate the timings of cash outflow, if any, in respect of above provision. (Also refer note 30.1.b)

30.8 Computation of Earnings per share (EPS)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit/ (loss) attributable to equity shareholders	69,358,123	(44,272,683)
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	39,411,557	39,411,557
Equity shares issued during the year	-	-
Number of equity shares at the end of the year	39,411,557	39,411,557
Weighted average number of equity shares outstanding during the year	39,411,557	39,294,954
Basic and diluted earnings per share (Rs.)	1.76	(1.13)

30.9 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination	Total
Closing cash in hand as on 8 November 2016	608,500	106,867	**715,367**
(+) Withdrawal from Bank Accounts	-	1,498,062	**1,498,062**
(+) Receipts for permitted transactions	-	2,532,206	**2,532,206**
(+) Receipts for non - permitted transactions	132,000	-	**132,000**
(-) Paid for permitted Transactions	-	1,794,370	**1,794,370**

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.10 Related party disclosures

I. Related party relationships

A. Parties where control exists

Holding Company
Quess Corp Limited (from 1 April 2015)

Ultimate Holding Company
Fairfax Financial Holdings Limited

Fellow subsidiary with whom the Company has transactions
Co Achieve Solutions Private Limited

Key Managerial Personnel
Mr. Doreswamy P, Manager and COO (w.e.f. 13 July 2015 and until 12 February 2016)
Mr. Ranjit Nair, Director and Chief Financial Officer
Mr. Subrata Nag, Director

II. Related party with whom transactions have taken place during the year

Particulars	31 March 2017	31 March 2016	1 April 2015
Holding Company			
Rental income			
- Quess Corp Limited	730,747	1,096,120	-
Interest expenses			
- Quess Corp Limited	-	629,836	-
Recovery of expenses from			
- Quess Corp Limited	270,785	-	-
Reimbursement of expenses to			
- Quess Corp Limited	289,560	-	-
Fair value of financial guarantee			
- Quess Corp Limited	350,000	350,000	-
Finance cost on corporate guarantee			
- Quess Corp Limited	261,780	233,014	-
Background verification expenses			
- Co Achieve Solutions Private Limited	117,173	253,342	-
Short term advance taken			
- Quess Corp Limited	-	40,000,000	-
Short term advance repaid (including interest net of TDS)			
- Quess Corp Limited		(40,566,852)	-
Financial guarantee issued by Quess Corp Limited in favour of the Company to Yes Bank Ltd. for a sanctioned credit limit of Rs. 70,000,000 (31 March 2016: Rs 70,000,000).			
Key management personnel			
Remuneration*			
- Doreswamy P	-	3,855,804	-
Closing balance			
Holding Company			
Quess Corp Limited (unbilled revenue)	-	1,255,057	-
Fair value of financial guarantee			
- Quess Corp Limited	700,000	350,000	-
Fellow subsidiary with whom the Company has transactions			
- Co Achieve Solutions Private Limited	6,440	71,381	-
Key management personnel #			
Remuneration payable			
- Doreswamy P	-	1,012,684	-

* Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available.
# The Company has not paid / provided for managerial remuneration during the year ended 31 March 2017 to its key management personnel.

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.10 Related party disclosures (Continued)

II. Related party with whom transactions have taken place during the year (Continued)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

30.11 Basis of recognition of Deferred tax asset for current financial year

The Company did not recognize deferred tax asset until the year ended 31 March 2016 due to absence of certainty of set off unabsorbed losses against taxable profits in the foreseeable future.

Company has turned profitable during the current year and estimates that the it will have taxable profits to set off unabsorbed losses in future. During the current year, the Company has recognized deferred tax assets on unabsorbed losses to the extent that it is probable that taxable profit will be available against which unabsorbed losses can be utilized. Further, the Company has recognized deferred tax on deductible temporary differences to the extent it believes economic benefits in the form of reductions in tax payments will flow to the Company from taxable profits against which the deductions can be offset.

30.12 Segment reporting

The Board of directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The Company is in the business of rendering integrated facility management services predominantly in the areas of housekeeping services, food services and guest house management services which are covered under similar arrangements and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards.

Other segment information

a) Revenue from major services

	For the year ended 31 March 2017	For the year ended 31 March 2016
Food Services	109,643,994	70,375,166
Housekeeping and manpower services	542,391,909	463,583,053
Rebillables and others	7,961,473	8,182,034
	659,997,376	**542,140,253**

b) Geographical information

All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable geographical information.

c) Information about major customers

No customers contributed 10% or more to the Company's revenue for the year ended 31 March 2017 and for the year ended 31 March 2016.

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
for the year ended 31 March 2017

(Amount in Rs.)

30 Notes to accounts *(Continued)*

30.13 Categories of financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

As at 31 March 2017

Particulars	Carrying value			Fair value		
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortized cost						
Trade receivables	110,109,206	108,873,658	80,116,113	110,109,206	108,873,658	80,116,113
Cash and cash equivalents	36,734,423	37,046,096	19,448.899	36,734,423	37,046,096	19,448,899
-Bank balances other than above	1,028,777	130,129	-	1,028,777	130,129	-
Other assets	35,469,754	20,406,140	21,928,324	35,469,754	20,406,140	21,928,324
Total assets	**183,342,160**	**166,456,023**	**121,493.336**	**183,342,160**	**166,456,023**	**121,493,336**
Financial liabilities						
Amortized cost						
Loans and borrowings	-	43,598,281	-	-	43,598,281	-
Trade payables	21,119,653	15,920,364	10,590.512	21,119,653	15,920,364	10,590,512
Other liabilities	65,477,104	56,721,437	65,045.825	65,477,104	56,721,437	65,045,825
Total liabilities	**86,596,757**	**116,240,082**	**75,636,337**	**86,596,757**	**116,240,082**	**75,636,337**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current financial assets, trade payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Chartered Accountants

ARAVON SERVICES PRIVATE LIMITED

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.14 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

There are no financial liabilities or assets measured at fair value at the end of each reporting period.

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.15 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk Management framework

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

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk that a counterparty will not be able to settle their obligations as agreed resulting in financial loss to the Company. To manage this risk, the Company has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties. Credit terms are assigned to customers based on the evaluation of their credit worthiness for which a combination of factors such as a financial strength of the party, market reputation, period for which the party is in business, previous payment history etc. are considered. The Company's exposure and credit rating of the counterparties are continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables consist of large number of customers, spread across diverse industries. Based on the industry practices and the business environment in which the entity operates, the management considers that trade receivables are in default (credit impaired) if the payments are more than 270 days past due. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where such recoveries are made, these are recognized in statement of profit and loss.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The matrix takes into account historical credit loss experience and adjusted for forward looking information. There is no change in the basis of expected credit loss assessment. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

Expected credit loss for trade receivable:

As at 31 March 2017

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	83,713,809	26,128,197	5,301,642	2,272,002	1,275,690	24,139,921	142,831,261
Expected loss rate	1.84%	8.77%	34.96%	71.32%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	1,542,010	2,290,791	1,853,297	1,620,346	1,275,690	24,139,921	32,722,055
Carrying amount of trade receivables (net of impairment)	82,171,799	23,837,406	3,448,345	651,656	-	-	110,109,206

As at 31 March 2016

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	79,468,897	30,545,140	1,681,487	6,651,555	1,856,328	20,115,041	140,318,448
Expected loss rate	1.84%	8.77%	34.96%	71.32%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	1,463,819	2,678,048	587,799	4,743,755	1,856,328	20,115,041	31,444,790
Carrying amount of trade receivables (net of impairment)	78,005,078	27,867,092	1,093,688	1,907,800	-	-	108,873,658

As at 1 April 2015

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360	Total
Gross carrying amount	56,362,347	16,472,479	11,530,549	7,893,093	4,410,616	6,870,662	103,539,746
Expected loss rate	1.84%	8.77%	34.96%	71.32%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	1,038,196	1,444,227	4,030,739	5,629,193	4,410,616	6,870,662	23,423,633
Carrying amount of trade receivables (net of impairment)	55,324,151	15,028,252	7,499,810	2,263,900	-	-	80,116,113

ARAVON SERVICES

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.15 Financial risk management *(Continued)*

Movement in the expected credit loss allowance:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	31,444,790	23,423,633
Movement in the expected credit loss allowance on trade receivable calculated at lifetime expected credit losses	1,277,265	8,021,157
Balance at the end of the year	32,722,055	31,444,790

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company expects to meet its obligation from cash flows and proceeds of maturing financial assets.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	21,119,653	-	-
Other financial liabilities	65,477,104	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	43,598,281	-	-
Trade payables	15,920,364	-	-
Other financial liabilities	56,721,437	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	10,590,512	-	-
Other financial liabilities	65,045,825	-	-

Market risk

Market risk is the risk that changes in market prices, will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including payables and long term debt. The Company is not exposed to significant market risk as the Company does not have long term debt or foreign currency transactions.

Currency risk

The Company is not exposed to significant currency risk as the revenue and expenses are primarily denominated in Rs.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company borrowings majorly consists of cash credit facility which do not expose it to significant interest rate risk.

Chartered Accountants
Mumbai
India

ARAVON SER

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.16 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Company consists of short term borrowings and equity of the Company. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

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

The capital structure is as

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total equity attributable to the equity share holders of the Company	111,083,115	44,004,777	89,499,856
As percentage of total capital	100%	50%	100%
Current loans and borrowings	-	43,598,281	-
Total loans and borrowings	-	43,598,281	-
As a percentage of total capital	0%	50%	0%
Total capital (loans and borrowings and equity)	111,083,115	87,603,058	89,499,856

Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)

Notes to the financial statements *(Continued)*
for the year ended 31 March 2017

(Amount in Rs)

30 Notes to accounts *(Continued)*

30.17 Approval of financial statements

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on April 28, 2017. The management and authorities have the power to amend the financial statements in accordance with Section 130 and 131 of the Companies Act, 2013.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/ W-100024

Shabbir Readymadewala
Partner
Membership No: 100060

Mumbai
Date: 28 APR 2017

For and on behalf of Board of Directors of
Aravon Services Private Limited
(formerly known as ARAMARK India Private Limited)
CIN: U93000MH2007FTC172493

Ranjit Nair
Director and Chief Financial Officer
DIN: 07086634

Subrata Nag
Director
DIN: 02234000

Nupur Singh
Secretary
Membership No: A36306

Mumbai
Date: 28 APR 2017

Vasan&Sampath
chartered accountants

Independent Auditor's Report

To,
The Members
CoAchieve Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CoAchieve Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standaloneInd AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 29.5 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12th May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

According to the information and explanations given to us, the company had undisputed amount payable in respect of profession tax amounting to Rs. 37,439 which was in arrears as at 31 March 2017 for the period April'16 to August'16, and was subsequently paid on 12th May 2017.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12^{th} May 2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **CoAchieve Solutions Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH * CHARTERED ACCOUNTANTS
BANGALORE
INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12th May 2017

Coachieve Solutions Private Limited
Balance Sheet

(Amount in Rs)

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	345,975	429,424	115,557
Intangible assets	5	166,186	-	-
Income tax assets (net)	6	8,060,365	1,806,191	2,367,036
Other non-current assets	7	276,250	45,000	-
		8,848,776	**2,280,615**	**2,482,593**
Current Assets				
Financial assets				
Trade and other receivables	8	9,630,020	2,835,028	2,868,093
Cash and cash equivalents	9	1,249,696	1,719,774	10,059
Other current assets	10	4,921,361	3,118,324	2,319,536
		15,801,077	**7,673,126**	**5,197,688**
Total Assets		**24,649,853**	**9,953,741**	**7,680,281**
EQUITY AND LIABILITIES				
Equity				
Share Capital	11	31,100,000	31,100,000	31,100,000
Other equity	12	(74,619,739)	(71,136,422)	(34,101,717)
		(43,519,739)	**(40,036,422)**	**(3,001,717)**
Liabilities				
Non-current liabilities				
Provisions	13	3,424,689	2,130,448	579,025
		3,424,689	**2,130,448**	**579,025**
Current liabilities				
Financial liabilities				
Borrowings	14	48,265,050	44,216,145	-
Trade payables	15	2,329,211	713,923	1,901,269
Other financial liabilities	16	8,207,612	2,041,939	2,097,883
Other current liabilities	17	5,383,143	531,330	6,045,169
Current Provisions	18	559,887	356,378	58,652
		64,744,903	**47,859,715**	**10,102,973**
Total Equity and Liabilites		**24,649,853**	**9,953,741**	**7,680,281**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th May 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of profit and loss

(Amount in Rs)

	Note	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Income			
Revenue from operations	19	82,141,456	11,629,436
Other income	20	346,427	31,472
Total Income		**82,487,883**	**11,660,908**
Expenses			
Employee benefits expense	21	57,186,288	33,763,308
Finance costs	22	4,839,546	1,127,763
Depreciation and amortisation expense	23	149,181	114,322
Other expenses	24	23,724,842	13,357,405
Total expenses		**85,899,857**	**48,362,798**
Profit/(loss) before tax		**(3,411,974)**	**(36,701,890)**
Tax expense	6		
Current tax		-	-
Deferred tax		-	-
Profit/(loss) for the year		**(3,411,974)**	**(36,701,890)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(71,343)	(332,815)
Deferred tax		-	-
Other comprehensive income for the year		**(71,343)**	**(332,815)**
Total comprehensive income for the year		**(3,483,317)**	**(37,034,705)**
Earnings per equity share (face value of Rs 10 each)	29.4		
Basic		(1.12)	(11.82)
Diluted		(1.12)	(11.82)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY - Reserves and Surplus			Total Equity attributable to Equity holders of the Company
		Securities Premium	Retained Earnings	Other Reserves	
Balance as at April 1, 2015	**31,100,000**	-	**(34,101,717)**	-	**(3,001,717)**
Add: Loss for the Period	-	-	(36,701,890)	-	(36,701,890)
Remeasurement gain/ (loss) on defined benefit plan	-	-	(332,815)	-	(332,815)
Balance as of 31 March 2016	**31,100,000**	-	**(71,136,422)**	-	**(40,036,422)**

Particulars	Share Capital	Securities Premium	Retained Earnings	Other Reserves	Total Equity attributable to Equity holders of the Company
Balance as at April 1, 2016	**31,100,000**	-	**(71,136,422)**	-	**(40,036,422)**
Add: Loss for the Period	-	-	(3,411,974)	-	(3,411,974)
Add: Other comprehensive income for the year					
Remeasurement gain/ (loss) on defined benefit plan	-	-	(71,343)	-	(71,343)
Balance as at March 31, 2017	**31,100,000**	-	**(74,619,739)**	-	**(43,519,739)**

As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th May 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th May 2017

Coachieve Solutions Private Limited
Statement of Cash Flows

(Amount in INR)

	For the year ended	
	31 March 2017	**31 March 2016**
Cash flow from operating activities		
Profit/(loss) for the year	(3,483,317)	(37,034,705)
Adjustments for:		
Depreciation and amortisation of fixed assets	149,181	114,322
Bad debts written off	326,880	190,559
Allowance for credit loss	2,127,357	757,077
Finance costs	4,839,546	1,127,763
Operating cash flows before working capital changes	**3,959,647**	**(34,844,984)**
(Increase)/Decrease in Trade and other receivable	(9,249,229)	(914,571)
(Increase)/Decrease in other assets	(1,803,037)	(798,788)
Increase/(Decrease) in trade payables	1,615,288	(1,187,346)
Increase/(Decrease) in other financial liabilities	6,165,673	(55,944)
Increase/(Decrease) in other liabilities	4,851,813	(5,513,839)
Increase/(Decrease) in provisions	1,497,750	1,849,149
Cash generated from operations	**7,037,905**	**(41,466,323)**
Income taxes paid, net of refund	(6,254,174)	560,845
Net cash (used in) / provided by operating activities (A)	**783,731**	**(40,905,478)**
Cash flows from investing activities		
Expenditure on property,plant and equipment and intangible net of sale proceeds	(463,168)	(473,189)
Net cash (used in) / provided by investing activities (B)	**(463,168)**	**(473,189)**
Cash flows from financing activities		
Proceeds from borrowings	4,048,905	44,216,145
Finance cost paid	(4,839,546)	(1,127,763)
Net cash (used in) / provided by financing activities (C)	**(790,641)**	**43,088,382**
Net increase in cash and cash equivalents (A+B+C)	(470,078)	1,709,715
Cash and cash equivalents at the beginning of the period	1,719,774	10,059
Cash and cash equivalents at the end of the period (refer note 11)	**1,249,696**	**1,719,774**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Subrata Nag

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 12th may 2017

Place: Bengaluru
Date: 12th may 2017

Coachieve Solutions Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview

COACHIEVE SOLUTIONS PRIVATE LIMITED ('CoAchieve' or 'the Company') was incorporated on 8 August 2007 under the provisions of Companies Act, 1956, with its registered office in New Delhi, India. The Company is engaged in the business of Compliance Management and Background Verification Services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

BANGALORE INDIA CHARTERED ACCOUNTANTS

CoAchieve Solutions Pvt. Ltd.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

SANGALORE INDIA

Coachieve Solutions Pvt. Ltd.

(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.
Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.2.7 Impairment
a. Financial assets
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating asset to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans
For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences
The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Coachieve Solutions Pvt. Ltd. *

2.2.11 Other income
Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition
Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs
Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement
Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.2.16 Earnings per share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements
2.3.1 Standards issued but not yet effective
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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Coachieve Solutions Pvt. Ltd.

3 First-time adoption of Ind-AS

These financial statements of CoAchieve Solutions Private Limited for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

The transition to Ind AS has resulted in changes in the presentation of the Standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of profit and loss, is set out in note 3.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 3.1.

3.1 Exemptions and exceptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plants and equipments and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP financial as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(i)Impairment of financial assets based on expected credit loss model.
(ii)Fair value of financial assets (Financial Guarantee contracts).

b) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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3.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Reconcilation of Equity as at 1 April 2015 and 31 March 2016.
2. Reconcilation of total comprehensive income for the year ended 31 March 2016.

Reconcilation of Equity as as previously reported under Previous GAAP to Ind AS *(Amount in Rs)*

Particulars	Note	*Balance sheet as at March 31,2016*			*Opening Balance sheet as at April 1,2015*		
		Previous GAAP *	**Effects of transition to Ind-AS**	**Ind AS**	**Previous GAAP ***	**Effects of transition to Ind-AS**	**Ind AS**
ASSETS							
Non-current assets							
Property, plant and equipment		429,424	-	429,424	115,557	-	115,557
Financial assets							
Income tax assets (net)		1,806,191	-	1,806,191	2,367,036	-	2,367,036
Other non-current assets		45,000	-	45,000	-	-	-
		2,280,615	**-**	**2,280,615**	**2,482,593**	**-**	**2,482,593**
Financial assets							
Trade and other receivables	(b)	4,892,705	(2,057,677)	2,835,028	4,912,036	(2,043,943)	2,868,093
Cash and cash equivalents		1,719,774	-	1,719,774	10,059	-	10,059
Other current assets		3,118,324	-	3,118,324	2,319,536	-	2,319,536
		9,730,803	**(2,057,677)**	**7,673,126**	**7,241,631**	**(2,043,943)**	**5,197,688**
Total Assets		**12,011,418**	**(2,057,677.00)**	**9,953,741**	**9,724,224.00**	**(2,043,943)**	**7,680,281**
EQUITY AND LIABILITIES							
Equity							
Share Capital		31,100,000	-	31,100,000	31,100,000	-	31,100,000
Other equity	(b)	(69,078,745)	(2,057,677)	(71,136,422)	(32,057,774)	(2,043,943)	(34,101,717)
		(37,978,745)	**(2,057,677)**	**(40,036,422)**	**(957,774)**	**(2,043,943)**	**(3,001,717)**
Liabilities							
Non-current liabilities							
Provisions		2,130,448	-	2,130,448	579,025	-	579,025
		2,130,448	**-**	**2,130,448**	**579,025.00**	**-**	**579,025.00**
Current liabilities							
Financial liabilities							
Borrowings		44,216,145	-	44,216,145	-	-	-
Trade and other payables		713,923	-	713,923	1,901,269	-	1,901,269
Other Financial liabilities		2,041,939	-	2,041,939	2,097,883	-	2,097,883
Other current liabilities		531,330	-	531,330	6,045,169	-	6,045,169
Provisions		356,378	-	356,378	58,652	-	58,652
		47,859,715	**-**	**47,859,715**	**10,102,973**	**-**	**10,102,973**
Total Equity and Liabilites		**12,011,418**	**(2,057,677)**	**9,953,741**	**9,724,224**	**(2,043,943)**	**7,680,281**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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3.2 Reconciliation of total comprehensive income as previously reported under Previous GAAP to Ind AS

(Amount in Rs)

Particulars	Note	Year ended March 31, 2016		
		Previous GAAP *	**Effects of transition to Ind-AS**	**Ind AS**
Income				
Revenue from operations		11,629,436	-	11,629,436
Other income		31,472	-	31,472
Total Income		**11,660,908**	-	**11,660,908**
Expenses				
Employee benefits expense	(a)	34,096,123	(332,815)	33,763,308
Finance costs		1,127,763	-	1,127,763
Depreciation and amortisation expense		114,322	-	114,322
Other expenses	(b)	13,343,671	13,734	13,357,405
Total expenses		**48,681,879.00**	**(319,081)**	**48,362,798**
Loss before tax		**(37,020,971)**	**319,081**	**(36,701,890)**
Tax expense				
Current tax		-	-	-
Deferred tax		-	-	-
Loss for the period		**(37,020,971)**	**319,081**	**(36,701,890)**
Other comprehensive income				
Re-measurement gains / (losses) on defined benefit plans	(a)	-	-	(332,815)
Other comprehensive income for the period		-	-	-
Income tax				
Other comprehensive income for the year		-	-	(332,815)
Total comprehensive income for the period		**(37,020,971)**	**319,081**	**(37,034,705)**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

Explanations for Reconciliation of Balance Sheet, Equity and Total comprehensive income as previously reported under Previous GAAP to Ind AS:

(a) Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by INR 332,815 and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax

(b) Trade Receivable

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to ECL model, the Company impaired its trade receivable by INR 2,043,943 on 1 April 2015 which has been eliminated against retained earnings. The expense of INR 13,734 for year ended on 31 March 2016 has been recognized in the statement of profit and loss, as as result of adjustments the closing balance of allowance of credit loss as at 31 March 2016 is INR 2,801,021 after considering the existing provision of INR 743,343.

(c) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit and loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS

(d) Statement of Cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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4 Property, plant and equipment (Amount in Rs)

Particulars	Office equipment	Computer equipment	Total
Gross block/Deemed Cost			
As at 1 April 2015	115,557		115,557
Additions	193,587	234,602	428,189
Disposals			-
As at 31 March 2016	**309,144**	**234,602**	**543,746**
Additions	61,055		61,055
Disposals			-
As at 31 March 2017	**370,199**	**234,602**	**604,801**
Accumulated Depreciation			
Charge for the year	63,377	50,945	114,322
Disposals			-
As at 31 March 2016	**63,377**	**50,945**	**114,322**
Charge for the year	66,375	78,129	144,504
Disposals			-
As at 31 March 2017	**129,752**	**129,074**	**258,826**
Net Block :			
As at 31 March 2017	**240,447**	**105,528**	**345,975**
As at 31 March 2016	**245,767**	**183,657**	**429,424**

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5 Intangible Assets

Particulars	Computer software	Total
Gross block		
As at 1 April 2015		-
Additions during the period		-
Disposals for the period	-	-
As at 31 March 2016	-	-
Additions	170,863	170,863
As at 31 March 2017	**170,863**	**170,863**
Accumulated Depreciation		
As at 1 April 2015		-
Charge for the period		-
As at 31 March 2016	-	-
Charge for the period	4,677	4,677
As at 31 March 2017	**4,677**	**4,677**
Net Block		
As at 31 March 2017	**166,186**	**166,186**
As at 2016 31 March	-	-

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6 Income tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

(Amount in Rs)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Statement of profit and loss account		
Current income tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit and loss	-	-
Other comprehensive Income		
Deferred tax related to items recognised in OCI during the year	-	-
Total	-	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in Rs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	- #	- #
Enacted income tax rate in India	30.90%	30.90%
Computed expected tax expense	-	-
Effect of:		
Previously unrecognised tax losses now recouped to reduce current tax expense	-	-
Deferred tax credit	-*	
Total income tax expense	-	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 30.90%.
No tax recognition in the previous year since taxable loss incurred in the previous year.

Deferred tax

Deferred tax relates to the following:

(Amount in Rs)

	Balance sheet			Statement of profit and loss	
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	For the period ended 31 March 2017	For the period ended 31 March 2016
Property, plant and equipment	-	-	-	-	-
Provision for doubtful receivables/deposits	-	-	-	-	-
Provision for compensated absence	-	-	-	-	-
Provision for gratuity	-	-	-	-	-
Losses available for offsetting against future	-	-	-	-	
Others	-	-	-	-	-
	-	-	-		
Net deferred tax assets/ (liabilities)	-*	-*	-*	-*	-*

* 'The company has not recognised deferred tax asset as at 31 March 2017, 31 March 2016 and 01 April 2015, due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future.

The Company has not created deferred tax assets on the following: *(Amount in Rs)*

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Property, plant and equipment	(23,893)	(34,500)	(2,196)
Provision for doubtful receivables/deposits	1,269,057	721,263	526,315
Provision for compensated absence	372,698	234,638	10,908
Provision for gratuity	653,330	405,720	153,294
Losses available for offsetting against future taxable income	13,512,098	13,819,570	11,074,232
Others	26,941	-	-
	15,810,231	15,146,691	11,762,553

The following table provides the details of deferred tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred Tax assets	-	-	-
Deferred Tax Liabilities	-	-	-
Net deferred tax assets/(liability) at the end of the year	-	-	-

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015

Particulars	31 March 2017	31 March 2016	1 April 2015
Income tax assets	8,060,365	1,806,191	2,367,036
Income tax liabilities	-	-	-
Net income tax assets at the end of the year	**8,060,365**	**1,806,191**	**2,367,036**

7 Other non-current assets

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Capital advances	276,250	45,000	-
	276,250	**45,000**	**-**

8 Trade receivables

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good (Refer note 33.7)	9,630,020	2,835,028	2,868,093
Doubtful	4,928,378	2,801,020	2,043,943
Less: allowances for credit losses	(4,928,378)	(2,801,020)	(2,043,943)
	9,630,020	**2,835,028**	**2,868,093**

9 Cash and cash equivalents

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Balances with banks			
In current accounts	1,249,696	1,719,702	5,012
Cash in hand	-	72	5,047
	1,249,696	**1,719,774**	**10,059**

10 Other current assets

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Advances other than capital advances			
Advances to suppliers	4,437	5,382	-
Advances to employees	1,454,186	86,681	154,119
Security deposits	855,000	920,983	550,000
Others			
Prepaid expenses	62,996	31,508	5,500
Unbilled revenue	2,544,742	2,073,770	1,384,667
Balances receivable from government authorities	-	-	225,250
	4,921,361	**3,118,324**	**2,319,536**

11 Share capital

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
3,300,000 equity shares of par value of Rs 10 each	33,000,000	33,000,000	33,000,000
	33,000,000	**33,000,000**	**33,000,000**
Issued, subscribed and paid-up			
3,110,000 equity shares of par value of Rs 10 each, fully paid up	31,100,000	31,100,000	31,100,000
	31,100,000	**31,100,000**	**31,100,000**

11.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

	As at 31 March 2017		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
At the commencement of the year	3,110,000	31,100,000	3,110,000	31,100,000
At the end of the year	**3,110,000**	**31,100,000**	**3,110,000**	**31,100,000**

11.2 Shares held by Holding Company

	As at 31 March 2017		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited, the holding company	3,109,999	31,099,990	3,109,999	31,099,990
	3,109,999	**31,099,990.00**	**3,109,999.00**	**31,099,990.00**

11.3 Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2016		As at 31 March 2016	
Particulars	**Number of shares**	**Amount in Rs**	**Number of shares**	**Amount in Rs**
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	3,109,999	99.99%	3,109,999	99.99%
	3,109,999		**3,109,999**	

11.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

12 Other equity

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Retained Earnings	(74,619,739)	(71,136,422)	(34,101,717)
	(74,619,739)	**(71,136,422)**	**(34,101,717)**

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13 Non-current provisions

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefit			
Provision for gratuity	2,360,526	1,467,756	579,025
Provision for compensated absences	1,064,163	662,692	-
	3,424,689	**2,130,448**	**579,025**

14 Current borrowings

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loan from related parties, unsecured			
From Quess Corp Limited	48,265,050	44,216,145	-
	48,265,050	**44,216,145**	**-**

Loan from Quess Corp Limited carry interest of 10 year government bond rate on a monthly basis on actual amount utilised, and are repayable on demand.

15 Trade payables

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade payables	2,329,211	713,923	1,901,269
	2,329,211	**713,923**	**1,901,269**

As on 31 March 2017 and 31 March 2016, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

16 Other current financial liabilities

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other Payables			
Accrued salaries and benefits	4,708,327	379,522	44,436
Accrued expenses	3,499,285	1,662,417	2,053,447
	8,207,612	**2,041,939**	**2,097,883**

17 Other current liabilities

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory dues	5,383,143	531,330	492,177
Book overdraft	-	-	5,552,992
	5,383,143	**531,330**	**6,045,169**

18 Current provisions

(Amount in Rs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity	176,679	107,856	16,292
Provision for compensated absences	383,208	248,522	42,360
	559,887	**356,378**	**58,652**

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19 Sale of services

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Compliance Management Fees (Refer Note 33.6)	69,678,442	6,048,187
Back ground verification fees (Refer Note 33.6)	12,463,014	3,888,710
Staffing Services	-	1,692,539
	82,141,456	**11,629,436**

20 Other income

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Interest received on financial assets- carried at amortised cost		
- Income tax refund	166,387	31,472
Miscellaneous income	180,040	-
	346,427	**31,472**

21 Employee benefits expense

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Salaries and wages	51,400,336	29,705,928
Contribution to provident and other funds	3,674,413	2,476,069
Gratuity	924,967	695,609
Compensated absences	536,157	868,854
Staff welfare expenses	650,415	16,848
	57,186,288	**33,763,308**

22 Finance costs

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Interest expense (refer note 33.6)	4,839,546	1,127,763
	4,839,546	**1,127,763**

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23 Depreciation and amortisation expense

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Depreciation and amortisation (refer note 4 and 5)	149,181	114,322
	149,181	**114,322**

24 Other expenses

(Amount in Rs)

Particulars	For the period from 1 April 2016 to 31 March 2017	For the period from 1 April 2015 to 31 March 2016
Verification/compliance management expenses	8,129,332	2,981,695
Travelling and conveyance	6,541,576	4,050,266
Legal and professional fees*	3,170,162	1,050,391
Allowance for credit loss	2,127,357	757,077
Rent (Refer note 33.6)	1,449,166	1,418,450
Power and Fuel	381,470	336,601
Bad debts written off	326,880	190,559
Business promotion	-	476,207
Communication expenses	349,155	211,359
Insurance	55,325	25,200
Printing and stationery	197,456	127,603
Rates and taxes	93,847	88,561
Repairs & Maintenance - buildings	384,834	718,352
Repairs & Maintenance - others	464,461	165,095
Miscellaneous expenses	53,821	759,989
	23,724,842	**13,357,405**

***Payment to auditors (net of service tax; included in legal and professional fees)**

As auditor		
Statutory audit	200,000	182,000
Tax audit	-	-
Other Services	-	160,000
Reimbursment of expenses	-	
	200,000	342,000

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25 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

As at 31 March 2017 *(Amount in Rs)*

Particulars	Carrying value			Fair value		
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortised cost						
Trade receivable	9,630,020	2,835,028	2,868,093	9,630,020	2,835,028	2,868,093
Cash and cash equivalents	1,249,696	1,719,774	10,059	1,249,696	1,719,774	10,059
Total assets	**10,879,716**	**4,554,802**	**2,878,152**	**10,879,716**	**4,554,802**	**2,878,152**
Financial liabilities						
Amortised cost						
Loans and borrowings	48,265,050	44,216,145	-	48,265,050	44,216,145	-
Trade payables	2,329,211	713,923	1,901,269	2,329,211	713,923	1,901,269
Other financial liabilities	8,207,612	2,041,939	2,097,883	8,207,612	2,041,939	2,097,883
Total liabilities	**58,801,873**	**46,972,007**	**3,999,152**	**58,801,873**	**46,972,007**	**3,999,152**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, borrowings, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

26 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financials assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence there are no financials assets or liabilities revalued at fair value.

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27 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.
The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Since the top few customers of the company are its related companies, the credit risk is on the lower side.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer: The demographics of the customer, including the default risk of the industry in which the customer operates, also has an influence on credit risk assessment.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables

Expected credit loss for trade receivable:

Year ended 31 March 2017

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360 days	Total
Gross carrying amount	10,395,678	1,102,617	767,064	936,828	233,905	1,122,306	14,558,398
Expected loss rate	16.01%	46.54%	73.53%	88.61%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	1,664,801	513,204	564,029	830,133	233,905	1,122,306	4,928,378
Carrying amount of trade receivables (net of impairment)	8,730,877	589,413	203,035	106,695	-	-	9,630,020

Year ended 31 March 2016

Ageing	Not due	1-90 days	91-180 days	181-270 days	271-360 days	Above 360 days	Total
Gross carrying amount	2,836,873	625,818	311,062	312,495	361,517	1,188,283	5,636,048
Expected loss rate	16.01%	46.54%	73.53%	88.61%	100.00%	100.00%	
Expected credit losses (Loss allowance provision)	454,307	291,282	228,727	276,905	361,517	1,188,283	2,801,021
Carrying amount of trade receivables (net of impairment)	2,382,566	334,536	82,335	35,590	-	-	2,835,027

BANGALORE INDIA

Coachieve Solutions Pvt. Ltd.

Liquidity risk

The Companys principal source of liquidity are cash and cash equivalents and financial support from the holding company. Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	48,265,050	-	-
Trade payables	2,329,211	-	-
Other financial liabilities	8,207,612	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	44,216,145	-	-
Trade payables	713,923	-	-
Other financial liabilities	2,041,939	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	-	-	-
Trade payables	1,901,269	-	-
Other financial liabilities	2,097,883	-	-

Market risk

Market risk is the risk that changes in market prices, will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including payables and long term debt. Since the major customer of the Company is its holding company, Companys exposure to market risk is significantly lower.

Currency risk

The Company is not exposed to significant currency risk as the revenue and expenses are primarily denominated in INR.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company borrowing as at 31 March 2017 comprises only loan from Holding Company, which do not expose it to significant interest rate risk.

28 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Consistent with others in the industry, the company monitors capital on the basis of following gearing ratio:

Net debt (total liabilities net of cash and cash equivalent) divided by Total equity (as shown in balance sheet date)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total External Liabilities	68,169,592	49,990,163	10,681,998
Less: Cash and cash equivalent	1,249,696	1,719,774	10,059
Adjusted net debt (borrowings net of cash and cash equivalent)	66,919,896	48,270,389	10,671,939
Total equity	(43,519,739)	(40,036,422)	(3,001,717)
Net debt (Total external liabilities) to equity ratio	(1.54)	(1.21)	(3.56)

BANGALORE INDIA

Coachieve Solutions Pvt. Ltd. *

29 Notes to accounts

29.1 Contingent liabilities and Commitments

(Amount in Rs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Contingent liabilities			
Claims against company not acknowledged as Debts	-	709,500	-
Capital Commitments			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	276,250	45,000	-

29.2 Gratuity plan

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Change in defined benefit obligation		
Obligation at the beginning of the year	1,575,612	595,317
Current service cost	802,157	648,479
Interest cost	122,810	47,130
Benefit settled	(34,717)	(48,129)
Actuarial (gain) / loss- Experience	(88,556)	552,817
Actuarial (gain) / loss- demographic assumptions	-	(73,634)
Actuarial (gain) / loss- financial assumptions	159,899	(146,368)
Obligation at end of the year	**2,537,205**	**1,575,612**

Reconciliation of present value of the obligation and the fair value of the plan assets

(Amount in Rs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Present value of the defined benefit obligations at the end of the year	2,537,205	1,575,612	595,317
Liability recognised in the balance sheet	**2,537,205**	**1,575,612**	**595,317**
Current	176,679	107,856	16,292
Non-current	2,360,526	1,467,756	579,025

Gratuity cost for the year/period

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Service cost	802,157	648,479
Net interest on net defined benefit liability/(asset)	122,810	47,130
Re-measurement- acturial gain/(loss) recognised on OCI	71,343	332,815
Net gratuity cost	**996,310**	**1,028,424**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions constant, would

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	2,339,804	2,763,281	1,456,667	1,711,335	1,456,667	1,711,335
Future salary growth(1% movement	2,756,294	2,341,515	1,708,437	1,456,873	1,708,437	1,456,973

Assumptions

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Discount rate	7.00%	7.80%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

Maturity profile of defined benefit obligation

Particulars	31 March 2017	31 March 2016
Within 1 year	176,679	107,856
2-5 years	992,683	660,743
6-10 years	1,358,129	908,541
More than 10 years	2,636,393	1,772,251

29.3 Leave encashment

The Company has accounted the cost of leave encashment based on the acturial valuation report obtained on 31 March 2017 and has estimated a leave encashment liability of Rs 1,447,371 (Previous Year Rs 911,214) under projected unit credit method as per Ind AS 19 . During the period, the Company accounted incremental liability as compared to liability accounted in previous period in statement of profit and loss for the period.

Key assumptions used in the valuation of leave encashment Liability are as given below:

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Discount rate	7.00%	7.80%
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Mortality rate	LIC (2006-08) published table of mortality rates	LIC (2006-08) published table of mortality rates

29.4 Computation of Earnings per share (EPS)

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Net profit/ (loss) attributable to equity shareholders	(3,476,876)	(36,770,391)
Calculation of weighted average number of equity shares for basic earning per share		
Number of equity shares at the beginning of the year	3,110,000	3,110,000
Equity shares issued during the year	-	-
Number of equity shares at the end of the year	3,110,000	3,110,000
Weighted average number of equity shares outstanding during the year for basic EPS	3,110,000	3,110,000
Basic and diluted earnings per share (Rs)	(1.12)	(11.82)

29.5 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

29.6 Related party disclosures

I. Related party relationships

- Ultimate Holding Company — Fairfax Financial Holdings Limited

- Holding Company — Quess Corp Limited

- Fellow Subsidiaries —
MFX Infotech Private Limited
Brainhunter Systems Limited, Canada
Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
Brainhunter Companies Canada Inc, Canada
Brainhunter Companies LLC (USA)
Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
Quesscorp Holdings Pte. Ltd, Singapore
Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
Ikya Business Services (Private) Limited
MFXchange Holdings Inc, Canada
MFXchange (Ireland) Limited
MFXchange Inc, USA
MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
Dependo Logistics Solutions Private Limited
Inticore VJP Advanced Solutions Private Limited
Comtel Solutions pte Ltd
Centreq Business Services Private Limited
Excelus Learning Solutions Private Limited

- Associates of the holding company —
Terrier Security Services (India) Private Limited
Simpliance Technologies Pvt Ltd
[illegible]

29.6 Related party disclosures (Contd.)

- Fellow subsidiary of the holding company	
	National Collateral Management Services Limited
- Entity having common directors of holding company	
	Net Resource Investments Private Limited
-Entities in which key managerial personnel of holding company has significant influence	Styracorp Management services
	IME Consultancy
- Other related parties	Manipal Integrated Services Private Limited
- Relative of a director	Saraah Isaac

Key management personnel

Ajit Isaac
Subrata Nag
Balasubramaian
NVS Pavankumar
Sudarshan Pallaap
Ranjit Nair

II Related party with whom transactions have taken place during the year

(Amount in Rs)

Particulars	31 March 2017	31 March 2016
Holding Company		
Payments made by holding company on behalf of the company		
- Quess Corp Limited	3,475,213	1,698,382
Unsecured loan received from holding company		
- Quess Corp Limited	57,335,000	58,080,000
Unsecured loan received from holding company repaid		
- Quess Corp Limited	-	16,690,000
Interest on unsecured loan received from holding company		
- Quess Corp Limited	4,839,546	1,127,763
Advance given to fellow subsidiary company		
- MFX Infotech Private Limited	-	70,984
Rendering of services by related parties		
- Saraah Isaac	447,343	396,900
- Simpliance Techonogies Private Limited	1,095,375	-
Rendering of services to holding company		
- Thomas Cook (India) Limited	2,133,623	2,835,837
Rendering of services to related party		
- Quess Corp Limited	58,246,470	-
- Aravon Services Private Limited	101,890	253,342
- MFX Infotech Private Limited	1,200,000	-
- Terrier Security Services Private Limited	1,600,000	-
Purchase of Capital Asset		
- Simpliance Techonogies Private Limited	170,863	-

Closing balance *(Amount in Rs)*

Particulars	31 March 2017	31 March 2016
Unsecured loan payable loan payable including interest		
Quess Corp Limited	48,265,050	44,216,145
Debts due to		
Saraah Isaac	36,465	33,075
Simpliance Technologies Private Limited	99,450	-
Debts due from		
Thomas Cook (India) Limited	606,581	738,670
Aravon Services Private Limited	6,160	72,650
MFX Infotech Private Limited	1,260,000	70,984
Terrier Security Services Private Limited	1,840,000	-

BANGALORE INDIA

Coachieve Solutions Pvt. Ltd.

29.7 Segment reporting

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.
The Company is in the business of rendering integrated facility management services predominantly in the areas of housekeeping services, food services and guest house management services which are covered under similar arrangements and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

29.8 Deferred Tax

The company has not recognised Deferred tax asset in the absence of reasonable certainity.

29.9 Previous year figures are reclassified/regrouped wherever necessary.

for Vasan & Sampath
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 12th may 2017

for and on behalf of Board of Directors of
Coachieve Solutions Private Limited

Ranjit Nair
Director
DIN: 07086634

Subrata Nag
Director
DIN: 02234000

Place: Bengaluru
Date: 12th may 2017

Vasan&Sampath
chartered accountants

Independent Auditor's Report

To,
The Members
MFX InfotechPrivate Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **MFX Infotech Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

   i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

   iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

According to the information and explanations given to us, the company had undisputed amount payable in respect of profession tax amounting to Rs. 64,457 which was in arrears as at 31 March 2017 for the period April'16 to August'16, and was subsequently paid on 12th May 2017.

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

VARAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MFX Infotech Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 12/May/2017.

MFX Infotech Private Limited

(Amount in Rs.)

Balance Sheet as at	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,921,722	8,092,605	2,212,865
Intangible assets	4	111,670	208,258	-
Deferred income tax assets (net)	5	4,501,951	2,141,623	660,000
Income tax assets (net)	5	407,988	796,692	-
Other non-current assets	6	13,170,081	13,407,874	171,800
		27,113,412	**24,647,052**	**3,044,665**
Current Assets				
Inventories	7	-	15,351,239	-
Financial assets				
Trade and other receivables	8	162,029,643	147,945,991	14,854,192
Cash and cash equivalents	9	33,518,623	7,934,362	19,359,173
Other current assets	10	59,355,103	33,241,092	12,499,391
		254,903,369	**204,472,684**	**46,712,756**
Total Assets		**282,016,781**	**229,119,736**	**49,757,421**
EQUITY AND LIABILITIES				
Equity				
Share Capital	11	10,000,000	10,000,000	10,000,000
Other equity	12	41,827,481	6,167,499	5,741,819
		51,827,481	**16,167,499**	**15,741,819**
Liabilities				
Non-current liabilities				
Non-current provisions	13	8,656,893	4,565,523	1,955,187
		8,656,893	**4,565,523**	**1,955,187**
Current liabilities				
Financial liabilities				
Trade payables	14	6,123,713	7,874,263	157,107
Borrowings	15	146,641,663	169,659,582	24,059,638
Other current financial liabilities	16	32,852,654	23,657,287	2,763,306
Income tax liabilities (net)	5	-	-	3,750,000
Current provisions	17	31,654,371	3,061,571	260,295
Other current liabilities	18	4,260,006	4,134,011	1,070,069
		221,532,407	**208,386,714**	**32,060,415**
Total Equity and Liabilities		**282,016,781**	**229,119,736**	**49,757,421**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

MFX Infotech Pvt. Ltd. Bangalore

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX Infotech Private Limited

(Amount in Rs.)

Statement of profit and loss	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	19	464,873,497	206,635,603
Other income	20	1,164,177	319,508
Total Income		**466,037,674**	**206,955,111**
Expenses			
Decrease in inventory of software under development	7	15,351,239	-
Employee benefit expenses	21	313,106,672	163,697,277
Finance costs	22	11,094,726	4,700,246
Depreciation and amortisation expense	23	3,735,304	1,403,031
Other expenses	24	71,047,401	36,436,162
Total expenses		**414,335,342**	**206,236,716**
Profit before share of profit from associates		**51,702,332**	**718,395**
Share of profit from associates			-
Profit before tax		**51,702,332**	**718,395**
Tax expense			
Current Tax	5	(18,261,092)	(1,600,278)
Deferred tax	5	2,383,255	1,317,560
Profit for the period		**35,824,495**	**435,677**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans		(464,512)	(309,997)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**35,359,983**	**125,680**
Total comprehensive income attributable to :			
Equity holders of the parent		35,359,983	125,680
Non-controlling interests			
Earnings per equity share (face value of 10 each)			
Basic		35.36	0.13
Diluted		35.36	0.13

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No.004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX Infotech Private Limited
Statement of Changes in Equity for the year ended 31 March 2017

(Amount in Rs.)

Particulars	Share Capital	Other Equity			Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other Items of Other comprehensive Income	Other Reserves	
Balance as of April 1, 2016	10,000,000	6,027,496	(309,997)	450,000	**16,167,499**
Add: Profit for the Period	-	35,824,495	-		**35,824,495**
Add: Fair value of financial guarantee received	-	-	-	300,000	**300,000**
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	(464,512)	-	**(464,512)**
Balance as of 31 March 2017	**10,000,000**	**41,851,991**	**(774,509)**	**750,000**	**51,827,482**

(Amount in Rs.)

Particulars	Share Capital	Other Equity			Total Equity attributable to Equity holders of the Company
		Retained Earnings	Other Items of Other comprehensive Income	Other Reserves	
Balance as of 1 April 2015	10,000,000	5,591,819	-	150,000	**15,741,819**
Add: Profit for the Period	-	435,677	-	-	**435,677**
Add: Fair value of financial guarantee received	-	-	-	300,000	**300,000**
Less: Re-measurement gains / (losses) on defined benefit plan	-	-	(309,997)	-	**(309,997)**
Balance as of 31 March 2016	**10,000,000**	**6,027,496**	**(309,997)**	**450,000**	**16,167,499**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No.004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX Infotech Private Limited

(Amount in Rs.)

Statement of Cash Flows	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flow from operating activities		
Profit before tax	51,702,332	718,395
Adjustments for:		
Depreciation and amortisation	3,735,304	1,403,031
Foreign Exchange Loss	4,342,356	2,171,930
Finance costs	11,094,726	4,700,246
Other Adjustments	(77,073)	36,224
Operating cash flows before working capital changes	**70,797,645**	**9,029,826**
Changes in inventories, TR	(3,776,426)	(149,820,092)
Changes in Loans, other financial assets and other assets	(28,830,569)	(34,335,815)
Changes in trade payables and other financial liabilities	7,444,817	28,611,137
Changes in other liabilities and provisions	32,810,165	8,475,554
Cash generated from operations	**78,445,632**	**(138,039,390)**
Direct taxes paid, net of refund	(14,982,550)	(5,999,216)
Net cash (used in) / provided by operating activities (A)	**63,463,082**	**(144,038,606)**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles,	(4,467,833)	(7,491,029)
Net cash used in by investing activities (B)	**(4,467,833)**	**(7,491,029)**
Cash flows from financing activities		
Proceeds from borrowings	(22,316,262)	144,805,070
Interest paid	(11,094,726)	(4,700,246)
Net cash used in by financing activities (C)	**(33,410,988)**	**140,104,824**
Net increase in cash and cash equivalents (A+B+C)	25,584,261	(11,424,811)
Cash and cash equivalents at the beginning of the period	**7,934,362**	**19,359,173**
Cash and cash equivalents at the end of the period (refer note 9)	**33,518,623**	**7,934,362**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

MFX INFOTECH PRIVATE LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview

MFX Infotech Private Limited('the Company') is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on June 20, 2014 originally as 'Private Limited Company'. The company has its registered office in Bengaluru, India. The company is engaged in the business of Software Support Services.

2. Significant accounting policies

2.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);

ii. Defined benefit and other long-term employee benefits;

2.3 Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Contingent liability: Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii. Income taxes: Significant judgements are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii. Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

MFX Infotech Pvt. Ltd. * Bangalore *

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.5 Summary of significant accounting policies

2.5.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

2.5.2 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.5.3 Financial instruments

2.5.3.1. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

2.5.3.2. Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognised in other comprehensive income which is not subsequently recycled to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

SAMPATH BANGALORE INDIA

MFX Infotech Pvt. Ltd. B

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts

Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.5.3.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.5.4 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.5.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under "Capital work-in progress".

2.5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.5.7 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.5.8 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

BANGALORE INDIA CHARTERED ACCOUNTANTS

MFX Infotech Pvt. Ltd. * Bangalore *

b. Non-financial assets

(ii) Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e.the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.5.9 Employee benefit

Post-employment benefits

(a) Defined benefit plan
For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.
Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plan
A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Companys contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences
The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method as at the reporting date.

2.5.10 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.5.11 Revenue
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

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MFX Infotech Pvt. Ltd. Bangalore

2.5.12 Other income

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.

2.5.13 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.5.14 Inventories

Inventories are valued at the lower of cost which is determined on a weighted average basis and net realizable value. Inventories are stated net of write down or allowances on account of obsolete, damaged or slow moving items, if any.

2.5.15 Finance costs

Interest expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.5.16 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

2.5.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.5.18 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.6 Recent accounting pronouncements

2.6.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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2.7 First-time adoption of Ind-AS

These financial statements of the company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 2.5 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet , Statement of profit and loss, is set out in note 2.7.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.7.1.

2.7.1 Exemptions and exceptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions and exceptions:

I. Ind AS optional exemptions availed

Property, plants and equipments and Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Previous GAAP financial as deemed cost at the transition date.

II. Ind AS mandatory exemptions

a) Estimates

AS per Ind AS 101 , an entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same

(i)Impairment of financial assets based on expected credit loss model.

(ii)Fair value of financial assets (Financial Guarantee contracts).

b) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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Note 2.7.2-Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at 1 April 2015 and 31 March 2016.
2. Net profit for the year ended 31 March 2016.

Reconciliation of equity as previously reported under IGAAP to Ind AS

(Amount in Rs.)

Particulars	*Opening Balance sheet as at 31 March 2016*			*Opening Balance sheet as at 1 April 2015*		
	Applicable GAAP	**Effects of transition to Ind-**	**Ind AS**	**Applicable GAAP**	**Effects of transition to Ind-**	**Ind AS**
ASSETS						
Non-current assets						
Property, plant and equipment	8,092,605	-	8,092,605	2,212,865	-	2,212,865
Intangible assets	208,258	-	208,258	-	-	-
Deferred income tax assets	2,125,626	15,996	2,141,623	660,000	-	660,000
Income tax assets (net)	796,691	-	796,692		-	-
Other non-current assets	16,818,926	(3,411,051)	13,407,874	171,800	-	171,800
	28,042,106	**(3,395,055)**	**24,647,052**	**3,044,665**	**-**	**3,044,665**
Current Assets						
Inventories	15,351,239	-	15,351,239	-	-	-
Financial assets						
Trade and other receivables	147,945,991	-	147,945,991	14,854,192	-	14,854,192
Cash and cash equivalents	7,934,362	-	7,934,362	19,359,173	-	19,359,173
Loans	-	-	-	-	-	-
Other current assets	29,576,262	3,664,830	33,241,092	12,349,391	150,000	12,499,391
	200,807,854	**3,664,830**	**204,472,684**	**46,562,756**	**150,000**	**46,712,756**
Total Assets	**228,849,960**	**269,775**	**229,119,736**	**49,607,421**	**150,000**	**49,757,421**
EQUITY AND LIABILITIES						
Equity						
Share Capital	10,000,000	-	10,000,000	10,000,000	-	10,000,000
Other equity	5,897,727	269,775	6,167,499	5,591,819	150,000	5,741,819
	15,897,727	**269,775**	**16,167,499**	**15,591,819**	**150,000**	**15,741,819**
Liabilities						
Non-current liabilities						
Other non-current liabilities	4,565,523	-	4,565,523	1,955,187	-	1,955,187
	4,565,523	**-**	**4,565,523**	**1,955,187**	**-**	**1,955,187**
Current liabilities						
Financial liabilities						
Trade and other payables	7,874,264	-	7,874,263	157,107	-	157,107
Borrowings	169,659,582	-	169,659,582	24,059,638	-	24,059,638
Financial liabilities	23,657,287	-	23,657,287	2,763,306	-	2,763,306
Current income tax liabilities (net)	-	-	-	3,750,000	-	3,750,000
Provisions for other liabilities and charges	3,061,570	-	3,061,571	260,295	-	260,295
Other current liabilities	4,134,007	-	4,134,011	1,070,068	-	1,070,069
	208,386,710	**-**	**208,386,714**	**32,060,414**	**-**	**32,060,415**
Total Equity and Liabilites	**228,849,960**	**269,775**	**229,119,736**	**49,607,420**	**150,000**	**49,757,421**

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Note 2.7.2-Reconciliation Statement of Profit and Loss as previously reported under IGAAP to IND AS

(Amount in Rs.)

Particulars	Year ended 31 March 2016		
	Applicable GAAP	Effects of transition to Ind-AS	Ind AS
Income			
Revenue from operations	206,635,603		206,635,603
Other income	-	319,508	319,508
Total Income	**206,635,603**	**319,508**	**206,955,111**
Expenses			
Employee benefits expense	164,171,336	(474,059)	163,697,277
Finance costs	4,550,246	150,000	4,700,246
Depreciation and amortisation expense	1,403,031	-	1,403,031
Other expenses	36,070,432	365,730	36,436,162
Total expenses	**206,195,045**	**41,671**	**206,236,716**
Profit before tax	**440,558**	**277,837**	**718,395**
Tax expense			
Current tax	(1,600,278)	-	(1,600,278)
Adjustments of tax relating to earlier periods	-	-	-
Deferred tax	1,465,626	(148,066)	1,317,560
Profit for the period	**305,906**	**129,771**	**435,677**
Other comprehensive income			
Re-measurement gains / (losses) on defined benefit plans	-	(309,997)	(309,997)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**305,906**	**(180,226)**	**125,680**

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3 Property, plant and equipment

(Amount in Rs.)

Particulars	Leasehold improvements	Office equipment	Computer equipment	Total
Gross block				
As at 1 April 2015	-	2,008,701	397,806	2,406,507
Additions during the period	1,003,037	873,469	5,324,496	7,201,002
Disposals for the period	-	-	-	-
As at 31 March 2016	**1,003,037**	**2,882,170**	**5,722,302**	**9,607,509**
Additions	-	1,729,826	2,738,006	4,467,832
Disposals	-	-	-	-
As at 31 March 2017	**1,003,037**	**4,611,996**	**8,460,308**	**14,075,341**
Accumulated Depreciation				-
As at 1 April 2015	-	162,007	31,635	193,642
Charge for the year	68,972	514,081	738,209	1,321,262
Disposals during the period	-	-	-	-
As at 31 March 2016	**68,972**	**676,088**	**769,844**	**1,514,904**
Charge for the period	334,040	860,959	2,443,716	3,638,715
Disposals	-	-	-	-
As at 31 March 2017	**403,012**	**1,537,047**	**3,213,560**	**5,153,619**
Net Block :				-
As at 31 March 2017	**600,025**	**3,074,949**	**5,246,748**	**8,921,722**
As at 31 March 2016	**934,065**	**2,206,082**	**4,952,458**	**8,092,605**
As at 1 April 2015	**-**	**1,846,694**	**366,171**	**2,212,865**

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4 Intangible Assets

(Amount in Rs.)

Particulars	Computer software	Total
Gross block		
Cost or Valuation		
As at 1 April 2015	-	-
Additions on Amalgamation	-	-
Additions during the period	290,027	290,027
Disposals for the period	-	-
Translation adjustment	-	-
As at 31 March 2016	**290,027**	**290,027**
Additions	-	-
Disposals	-	-
As at 31 March 2017	**290,027**	**290,027**
Accumulated Depreciation		
As at 1 April 2015	-	-
Additions on Amalgamation	-	-
Charge for the period	81,769	81,769
Disposals during the period	-	-
Translation adjustment	-	-
As at 31 March 2016	**81,769**	**81,769**
Charge for the period	96,588	96,588
Disposals	-	-
As at 31 March 2017	**178,357**	**178,357**
Net Block		
As at 31 March 2017	**111,670**	**111,670**
As at 31 March 2016	**208,258**	**208,258**
As at 1 April 2015	-	-

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5 **(A) Income tax**

Income Tax Assets/Liabilities in the Balance Sheet are as follows

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advance income tax/(Provision for Income Tax) net	407,988	796,692	(3,750,000)
	407,988	**796,692**	**(3,750,000)**

Income tax expense in the statement of profit and loss consists of:

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax:		
In respect of the current period	18,261,092	1,600,278
Deferred tax		
In respect of the current period	(2,383,255)	(1,317,560)
Income tax expense reported in the statement of profit and loss	**15,877,837**	**282,718**
- Deferred tax arising on income and expense recognised in other comprehensive income	**22,927**	**(164,062)**
Total Tax Charge including Deferred Tax	**15,900,764**	**118,656**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	51,702,332	718,395
Enacted income tax rate in India	33.06%	34.61%
Computed expected tax expense	17,092,791	248,637
Effect of:		
Income exempt from tax	-	-
Expenses disallowed for tax purpose(net)	(1,208,399)	(129,972)
Foreign tax (net)	-	-
Tax reversals	22,927	-
Others	(6,555)	-
Total income tax expense	**15,900,764**	**118,664**

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 and March 31, 2016 is 33.06% and 34.61% respectively.

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2017, 31 March 2016 and 1 April 2015

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax assets	25,013,740	5,999,216	-
Income tax liabilities	24,605,752	5,202,525	3,750,000
Net income tax assets/(liability) at the end	**407,988**	**796,691**	**(3,750,000)**

The gross movement in current income tax aset/(liability) for the year ended 31st March 2017 and 31st March 2016.

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Net Current Income Tax Asset/(liability) at beginning	796,691	(3,750,000)
Income Tax Paid(net of refund)	14,982,550	5,999,216
Current Income Tax expense	15,371,253	1,452,525
Net Current Income Tax Asset/(liability) at end	**407,988**	**796,691**

(B) Deferred tax

Deferred tax relates to the following:

(Amount in Rs.)

Particulars	**Balance sheet**			**Statement of profit and loss**	
	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Property, plant and equipment	190,440	(513,958)	(23,593)	704,398	(490,365)
Provision for doubtful debts				-	-
Provision for compensated absence	1,905,311	1,370,693	392,666	534,618	978,027
Provision for Gratuity	2,222,345	1,104,829	-	1,117,516	1,104,829
Net gain on fair value of mutual funds					
Others	42,720	15,997	290,927	26,723	(274,930)
Deferred tax related to Net loss/(gain) on remeasurements on acturial valuation recognised in OCI during the year**	141,135	164,062	-	(22,927)	164,062
Net deferred tax assets/ (liabilities)	**4,501,951**	**2,141,623**	**660,000**	**2,360,327**	**1,481,623**

**Movement pertains to items of other comprehensive income

The gross movement in Deferred Tax Asset/(Liability) for the year ended 31st March 2017 and 31st March 2016.

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Net Deferred Tax Assets at the beginning	2,141,623	660,000
Credits relating to temporary differences	2,383,255	1,317,561
Temporary differences on Other Comprehensive Income	(22,927)	164,062
Net Deferred Tax Assets at the end	**4,501,951**	**2,141,623**

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6 Other non-current assets

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured and considered good)			
Capital Advances	-	150,355	171,800
Security deposits	12,292,290	11,136,208	-
Prepaid expenses	877,791	2,121,311	-
	13,170,081	**13,407,874**	**171,800**

7 Inventories

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Software under development	-	15,351,239	-
	-	**15,351,239**	**-**

8 Trade receivables

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good*	162,029,643	147,945,991	14,854,192
Considered doubtful	-	-	-
Less: Allowances for credit loss	-	-	-
	162,029,643	**147,945,991**	**14,854,192**

* includes receivables from related parties. Refer note 29

9 Cash and cash equivalents

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalents			
Cash in hand	-	415	-
Balances with banks			
In current accounts	33,518,623	7,933,947	19,359,173
	33,518,623	**7,934,362**	**19,359,173**

10 Other current assets

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances other than capital advances			
Advances to suppliers	-	-	-
Travel advances to employees	1,328,920	1,320,926	251,284
Other advances to employees	493,428	328,726	33,472
Prepaid expenses	5,463,089	4,192,418	677,641
Unbilled revenue*	50,884,953	22,323,061	9,749,595
Balances with government authorities	1,184,713	5,075,961	1,787,399
	59,355,103	**33,241,092**	**12,499,391**

* includes unbilled revenue from related parties . Refer note 29.

11 Share capital

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Authorised			
20,00,000 (31 March 2015 : 20,00,000) Equity shares of par value of Rs	20,000,000	20,000,000	20,000,000
	20,000,000	**20,000,000**	**20,000,000**
Issued, subscribed and paid-up			
10,00,000 (31 March 2015 : 10,00,000) equity shares of par value of Rs 10	10,000,000	10,000,000	10,000,000
	10,000,000	**10,000,000**	**10,000,000**

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11.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

(Amount in Rs.)

Particulars	31 March 2017		31 March 2016	
	Number of Share	Amount	Number of Shares	Amount
Equity shares				
At the commencement of the year	1,000,000	10,000,000	1,000,000	1,000,000
Shares issued				-
At the end of the year	1,000,000	10,000,000	1,000,000	1,000,000

11.2 Shares held by Holding Company

Particulars	31 March 2017		31 March 2016	
	Number of Share	Amount	Number of Shares	Amount
Equity shares				
Equity shares of par value Rs 10 each				
Quess Corp Limited	999,999	9,999,990	999,999	9,999,990

11.3 Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2017			31 March 2016
	Number of Share	% Held	Number of Shares	% Held
Equity shares of par value Rs 10 each				
Quess Corp Limited	999,999	99.99%	999,999	99.99%

12 Other Equity

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
General Reserve Balance at the end of the period*	6,467,499	6,041,819	5,741,819
Balance in statement of profit and loss at the end of the period*	35,359,983	125,680	
	41,827,481	**6,167,499**	**5,741,819**

* For detailed movement of reserves refer Statement of changes in Equity

13 Non-current provisions

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefit			
Provision for compensated absences	1,584,821	1,078,635	723,573
Provision for gratuity	7,072,072	3,486,888	1,231,614
	8,656,893	**4,565,523**	**1,955,187**

14 Trade payables

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to micro, small and medium enterprises (refer note 33)	-	-	-
Dues to other than micro, small and medium enterprises	6,123,713	7,874,263	157,107
	6,123,713	**7,874,263**	**157,107**

As on 31 March 2017 and 31 March 2016, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

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15 **Borrowings**

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans from bank repayable on demand			
Secured			
Bill discounting facility from bank *	63,536,189	59,473,865	24,059,638
Loan from related parties, unsecured			
From Quess Corp Limited**	83,105,474	110,185,717	-
	146,641,663	**169,659,582**	**24,059,638**

*The Company has availed credit on bills discounted from banks of Rs 63,536,189 (previous period: Rs 59,473,865.) as packing credit in foreign currency (PCFC) & post shipment credit in foreign currency (PSFC) facilities from Yes bank Limited. The facility is secured by way of pari passu first charge on the entire current assets of the Company. The rate of interest is bank's base rate plus 1.75% p.a.

** The company has availed short term loan from its holding company- Quess Corp Limited wherein the repayment date should be not exceeding 12 months from the date of disbursement. The interest rate is charged at equivalent of 10 year India Government Bond rate with monthly interest periods. Refer note 29.

16 **Other current financial liabilities**

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Accrued salaries and benefits	24,161,037	649,527	143,424
Amount payable to related parties	1,260,000	18,067,598	2,246,637
Accrued Expenses	7,431,617	4,940,162	373,245
	32,852,654	**23,657,287**	**2,763,306**

17 **Current provisions**

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits			
Provision for gratuity	322,816	179,581	39,149
Provision for compensated absences	4,376,540	2,881,989	221,146
Provision for bonus and incentive	26,955,015	-	-
	31,654,371	**3,061,570**	**260,295**

18 **Other current liabilities**

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances payable to government authorities	4,260,006	4,134,011	1,070,069
	4,260,006	**4,134,011**	**1,070,069**

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19 Revenue from operations

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Software sales and service	464,873,497	206,635,603
	464,873,497	**206,635,603**

20 Other income

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Finance Income	1,164,177	319,508
	1,164,177	**319,508**

21 Employee benefits expense

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, Remuneration and Bonus	298,939,359	152,980,842
Gratuity	3,466,421	1,921,647
Compensated absences	2,000,737	3,015,905
Contribution to provident and other funds	6,715,360	4,530,637
Staff welfare expenses	1,984,795	1,248,246
	313,106,672	**163,697,277**

22 Finance costs

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense*	10,048,548	3,961,053
Other borrowing costs	1,046,178	558,616
Interest on income tax	-	180,577
	11,094,726	**4,700,246**

*Includes Interest to Holding company. Refer Note No 29.

23 Depreciation and amortisation expense

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation and amortisation	3,735,304	1,403,031
	3,735,304	**1,403,031**

24 **Other expenses**

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Rent	21,464,861	9,119,268
Repairs and maintenance		
- buildings	3,257,364	690,818
- computer and equipment	564,277	427,978
Rates and taxes	639,890	557,522
Legal and professional fees*	7,271,536	8,113,585
Travelling and conveyance	16,032,405	10,901,044
Communication expenses	4,290,076	3,032,513
Printing and stationery	342,977	182,726
Power and fuel	5,633,628	882,648
License fees	2,456,533	460,440
Foreign exchange loss, net	6,376,424	873,685
Security Charges	1,062,796	253,956
Miscellaneous expenses	1,654,633	939,978
	71,047,401	**36,436,162**

***Auditors' remuneration (net of service tax; included in legal and professional fees)** (Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Statutory audit fees	215,172	290,754
Tax audit fees	-	-
Certification	-	-
Others	-	-
Out of pocket expenses	-	-
	215,172	**290,754**

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MFX Infotech Pvt. Ltd. * Bangalore *

25 Contingent liabilities and commitment

As on 31 March '17, the company have NIL(Previous Year:150,355) capital commitment

(Amount in Rs.)

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Contingent liabilities	-	-	-
Commitments	-	150,355	-
	-	**150,355**	**-**

26 Earnings in foreign currency

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Software sales and service	385,691,571	206,635,603
	385,691,571	**206,635,603**

27 Unhedged foreign currency exposure

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:

(Amount in Rs.)

Particulars		**For the year ended 31 March 2017**		**For the year ended 31 March 2016**	
	Currency	**Foreign currency**	**Amount in Rs**	**Foreign currency**	**Amount in Rs**
Trade receivables	USD	2,495,976	161,864,044	2,232,978	147,945,991
		2,495,976	**161,864,044**	**2,232,978**	**147,945,991**

28 Expenditure in foreign currency

(Amount in Rs.)

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Travelling and conveyance	4,896,384	6,018,978
	4,896,384	**6,018,978**

MFX Infotech Private Limited
Notes to the financial statements for the period ended 31 March 2017

29 Related party disclosures

(i) Name of related parties and description of relationship:

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow Subsidiaries	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Brainhunter Systems Limited, Canada Centreq Business Services Private Limited Coachieve Solutions Private Limited Comtel Solutions pte Ltd Dependo Logistics Solutions Private Limited Excelus Learning Solutions Private Limited Ikya Business Services (Private) Limited Inticore VJP Advanced Solutions Private Limited MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) MFXchange (Ireland) Limited MFXchange Holdings Inc, Canada MFXchange Inc, USA Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
- Associates of Holding Company	Himmer Industrial Services (M) Sdn Bhd Simpliance Technologies Pvt Ltd Terrier Security Services (India) Private Limited

Key management personnel

Subrata Nag	Director
Ranjit Nair	Director

(ii) Related party transactions during the year/period

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operations	**451,456,199**	**186,658,661**
MFXchange US, Inc	373,394,273	186,658,661
Quess Corp Limited	78,061,926	
Expenses incurred by related parties on behalf of the Company	**23,828,191**	**12,008,950**
Quess Corp Limited	23,828,191	12,008,950
Unsecured loans received from	**169,500,000**	**162,500,000**
Quess Corp Limited	169,500,000	162,500,000
Repayment of loans received	**176,000,000**	**55,000,000**
Quess Corp Limited	176,000,000	55,000,000

Interest on unsecured loans	**7,737,040**	**2,685,717**
Quess Corp Limited	7,737,040	2,685,717
Rendering of services by related parties	**1,200,000**	**7,473,011**
Quess Corp Limited	-	7,473,011
Coachieve Solutions Private Limite	1,200,000	-
Payments made by Fellow Subsidiary on behalf	-	**70,984**
Coachieve Solutions Private Limite	-	70,984
Payments made to Fellow Subsidiary	**70,984**	-
Coachieve Solutions Private Limite	70984	-

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables	**161,627,859**	**141,704,977**	**14,854,192**
MFXchange US, Inc	161,627,859	141,704,977	14,854,192
Trade payables	**1,260,000**	**18,067,598**	**2,246,637**
Quess Corp Limited	-	17,996,614	2,246,637
Coachieve Solutions Private Limited	1,260,000	70,984	-
Unsecured Loan payable including interest	**83,105,474**	**110,185,717**	-
Quess Corp Limited	83,105,474	110,185,717	-

(iv) Compensation of key managerial personnel*

There is no compensation paid to Key Managerial Personnel during the year(Previous Year 2016-17:NIL)

30 Leases

Operating Leases

The Company is obligated under cancellable and non-cancellable lease for office premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable and non-cancellable operating leases for the year ended 31 March 2017 amounted to Rs 15,725,472 (Rs 7,594,110 for the period ended 31 March 2016) respectively.

Non-cancellable operating lease rentals payable (minimum lease payments) under these leases are as follows:

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Payable within 1 year	15,725,472	15,725,472	-
Payable between 1-5 years	10,615,892	26,341,364	-
Payable later than 5 years	-	-	-

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Notes to the financial statements for the period ended 31 March 2017

31 Gratuity

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017 and 31 March 2016

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Change in defined benefit obligation		
Obligation at the beginning of the year	3,666,469	1,270,763
Current service cost	3,180,640	1,821,043
Interest cost	285,781	100,604
Benefit settled	(179,587)	-
Actuarial (gain) / loss- Experience	(50,724)	(106,336)
Actuarial (gain) / loss- demographic assumptions	-	(1,344,196)
Actuarial (gain) / loss- financial assumptions	492,309	1,924,591
Obligation at end of the year	**7,394,888**	**3,666,469**

Reconciliation of present value of the obligation and the fair value of the plan assets

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	7,394,888	3,666,469
Liability recognised in the balance sheet	**7,394,888**	**3,666,469**
Current	322,816	179,581
Non-current	7,072,072	3,486,888

Gratuity cost for the year

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Service cost	3,180,640	1,821,043
Net interest on net defined benefit liability/(asset)	285,781	100,604
Re-measurement- acturial gain/(loss) recognised on OCI	441,585	474,059
Net gratuity cost	**3,908,006**	**2,395,706**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

(Amount in Rs.)

	As at 31 March 2017		As at 31 March 2016	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1%	6,787,031	8,091,754	3,369,442	4,005,635
Future salary growth(1% movement)	8,060,945	6,794,337	3,996,539	3,370,343

Assumptions

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	7.00%	7.80%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58	58
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Maturity profile of defined benefit obligation

(Amount in Rs.)

Particulars	As at 31 March 2017	As at 31 March 2016
Within 1 year	322,816	179,581
1-2 years	-	-
2-3 years	-	-
3-4 years	-	-
4-5 years	2,706,521	1,266,285
5-10 years	4,191,146	2,473,072
>10 years	8,297,595	4,429,376

32 Compensated absence

The company has accounted the cost of compensated absences based on the acturial valuation report obtained asat 31 March 2017 and has estimated a compensated absence liability of 5,961,361(for the year ended 31 March 2016:3,960,624) under Projected Unit Credit Method as per IND AS 19. During the year, the Company has accounted in the incremental liability accounted in previous year in the statement of profit and loss for the year

Key Assumptions used in the valuation of Compensated absence are as given below

Assumptions (Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Discount rate	7.00%	7.80%
Estimated rate of return on plan assets	NA	NA
Salary increase	9.00%	9.00%
Attrition rate	12.50%	12.50%
Retirement age	58	58
Mortality Rate	LIC(2006-08) published table of Mortality Rates	LIC(2006-08) published table of Mortality Rates

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Set out below is the movement in provision balances in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'

(Amount in Rs.)

Particulars	Privilege Leave
Balance as at 1 April 2015	944,719
Add: Additions during the year	3,015,905
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2016	**3,960,624**
Balance as at 1 April 2016	3,960,624
Add: Additions during the year	2,000,737
Less: Utilisation/reversal during the year	-
Closing balance as at 31 March 2017	**5,961,361**

33 Earnings per Share

(Amount in Rs.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after Tax and Other Comprehensive Income	35,359,983	125,680
No.of Shares	1,000,000	1,000,000
Earnings per Share(EPS)	**35.36**	**0.13**
Diluted	**35.36**	**0.13**

34 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Official Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum.

35 Transfer Pricing

The company's management is of the opinion that its international transactions with related parties entered during the previous year are at arms' length and is compliant with the transfer pricing legislation as per independent accountant's report for the year ended 31 March 2017. The company's management believes that the Company's transactions with the related parties continue to be at arms' lengthand that the aforesaid legislation will not have any impact on the financial statements. particularly on the amount of tax expense and that of the provision for taxation.

36 Specified Bank Notes

The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:

(Amount in Rs.)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	-	-	-
Add:Permitted receipts	-	-	-
Less:Permitted payments	-	-	-
Less:Amount deposited banks	-	-	-
Closing Cash in Hand as on 31.12.2016	-	-	-

37 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 is as follows:

As at 31 March 2017

Particulars	Carrying value			Fair value		
Financial assets	**31 March 2017**	**31 March 2016**	**1 April 2015**	**31 March 2017**	**31 March 2016**	**1 April 2015**
Amortised cost						
Trade receivable	162,029,643	147,945,991	14,854,192	162,029,643	147,945,991	14,854,192
Cash and cash equival	33,518,623	7,934,362	19,359,173	33,518,623	7,934,362	19,359,173
Other assets	59,355,103	33,241,092	12,499,391	59,355,103	33,241,092	12,499,391
Total assets	**254,903,369**	**189,121,446**	**46,712,756**	**254,903,369**	**189,121,445**	**46,712,756**
Financial liabilities						
Amortised cost						
Loans and borrowings	146,641,663	169,659,582	24,059,638	146,641,663	169,659,582	24,059,638
Trade payables	6,123,713	7,874,263	157,107	6,123,713	7,874,263	157,107
Other liabilities	32,852,654	23,657,287	2,763,306	32,852,654	23,657,287	2,763,306
Total liabilities	**185,618,030**	**201,191,132**	**26,980,051**	**185,618,030**	**201,191,132**	**26,980,051**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non- performance risk as at 31 March 2017 was assessed to be insignificant.

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38 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the shorterm maturities of these instruments.
Hence, there are no financial liabilities/assets measured at fair value.

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39 Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables

At 31 March 2017, the Company's most significant customer, a MFXchange US, Inc accounted for Rs 161,627,859 of the trade and other receivables carrying amount (31 March 2016 : Rs 140,730,423).

Impairment

At 31 March 2017, the ageing of trade and other receivables that were not impaired was as follows.

Particulars	Carrying amount (in Rs.)	
	As at 31 March 2017	As at 31 March 2016
No due	30,669,380	41,887,313
Past due 1–90 days	99,885,926	39,545,331
Past due 91–180 days	31,308,737	33,217,806
Past due 181–270 days	165,600	33,295,541
Past due 271–360 days	-	-
Past due 360 and above	-	-
	162,029,643	**147,945,991**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount in Rs.	
	Individual impairments	Collective impairments
Balance as at 1 April 2016	-	-
Impairment loss recognised		
Amounts written off		
Balance as at 31 March 2016	-	-
Impairment loss recognised		
Amounts written off		
Balance as at 31 December 2017	-	-

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company's principal source of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company believes that the working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

As on 31 March 17 as on 31 March 16, the company had a working capital of 33,220,961 and -3,914,028 respectively

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March, 2017, 31 March 2016 and 1 April 2015:

Particulars	As at 31 March 2017		
	Less than 1 year	1-2 years	2 years and above
Borrowings	146,641,663	-	-
Trade payables	6,123,713	-	-
Other financial liabilities	32,852,654	-	-

Particulars	As at 31 March 2016		
	Less than 1 year	1-2 years	2 years and above
Borrowings	169,659,582	-	-
Trade payables	7,874,263	-	-
Other financial liabilities	23,657,287	-	-

Particulars	As at 1 April 2015		
	Less than 1 year	1-2 years	2 years and above
Borrowings	24,059,638	-	-
Trade payables	157,107	-	-
Other financial liabilities	2,763,306	-	-

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

The Company operates internationally and is exposed to foreign currency risk arising from foreign currency transactions, primariy with respect to USD. Foreign exchange risk arises from commercial transactions and recognised assets and liabilties denominated in a currency that it not entity's functional currency(Rs.). The details of unhedged foreign currency exposure are given in Note 27.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing comprises of invoice discounting facility which carries fixed rate of interest and borrowings from holding company, which do not expose it to significant interest rate risk.

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40 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
Total equity attributable to the equity share holders of the Company	**10,000,000.00**	**10,000,000.00**	**10,000,000.00**
As percentage of total capital	6%	14%	29%
Current borrowings	146,641,663.00	59,473,865.00	24,059,638.00
Non-current loans and borrowings	-	-	-
Total loans and borrowings	**146,641,663.00**	**59,473,865.00**	**24,059,638.00**
As a percentage of total capital	94%	86%	71%
Total capital (loans and borrowings and equity)	**156,641,663.00**	**69,473,865.00**	**34,059,638.00**

For Vasan & Sampath
Chartered Accountants
Firm's Registration No:004542S

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: 12th May 2017

For and on behalf of Board of Directors of
MFX Infotech Private Limited

Ranjit Nair
Director

Place: Bengaluru
Date: 12th May 2017

Subrata Nag
Director

Place: Bengaluru
Date: 12th May 2017

Independent Auditor's Report

To,
The Members
Dependo Logistics Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Dependo Logistics Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 12.4 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1) The company does not have any fixed assets as at the period ended 31st March 2017 as the company is yet to commence operations. Thus, paragraph 3(i) of the order is not applicable to the company

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)
   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

   b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH * CHARTERED ACCOUNTANTS * BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd may 2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Dependo Logistics Solutions Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

RAJAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

Dependo Logistics Solutions Private Limited

Balance Sheet	**Note**	*(Amount in INR)* **As at 31 March 2017**
ASSETS		
Non-current assets		
Capital-work in-progress	3	2,500,000
		2,500,000
Current Assets		
Financial assets		
Cash and cash equivalents	4	800,181
Other current assets	5	100,000
		900,181
Total Assets		**3,400,181**
EQUITY AND LIABILITIES		
Equity		
Share Capital	6	100,000
Other equity	7	(76,300)
		23,700
Liabilities		
Current liabilities		
Financial liabilities		
Borrowings	8	3,327,873
Other current liabilities	9	48,608
		3,376,481
Total Equity and Liabilities		**3,400,181**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited

Statement of profit and loss	Note	(Amount in INR) For the period from 8 September 2016 to 31 March 2017
Income		
Revenue from operations	10	-
Other income	11	4,781
Total Income		**4,781**
Expenses		
Finance costs	12	36,081
Other expenses	13	45,000
Total expenses		**81,081**
Profit before tax		**(76,300)**
Tax expense		
Current tax		-
Loss for the period		**(76,300)**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(76,300)**
Earnings per equity share (face value of Rs 10 each)	14.3	
Basic		(7.63)
Diluted		(7.63)

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in INR)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus		Other Comprehensive Income	
		Retained Earnings	General Reserve	Other Items of Other comprehensive Income	
Opening balance	-	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	-	100,000
Less: Loss for the Period	-	(76,300)	-	-	(76,300)
	-	-	-	-	-
Balance as of 31 March 2017	**100,000**	**(76,300)**	**-**	**-**	**23,700**

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited

Statement of Cash Flows	(Amount in INR) For the period from 8 September 2016 to 31 March 2017
Cash flow from operating activities	
Loss for the period	(76,300)
Adjustments for:	
Depreciation and amortisation	-
Finance costs	36,081
Operating cash flows before working capital changes	**(40,219)**
Changes in Loans, other financial assets and other assets	(100,000)
Changes in other liabilities and provisions	45,000
Cash generated from operations	**(95,219)**
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	**(95,219)**
Cash flows from investing activities	
Expenditure on property, plant and equipment and intangibles, net of sale proceeds	(2,500,000)
Net cash (used in) / provided by investing activities (B)	**(2,500,000)**
Cash flows from financing activities	
Proceeds from borrowings	3,295,400
Proceeds from issue of equity shares, net of issue expenses	100,000
Net cash (used in) / provided by financing activities (C)	**3,395,400**
Net increase in cash and cash equivalents (A+B+C)	800,181
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 4)	**800,181**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Dependo Logistics Solutions Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview
Dependo Logistics Solutions Private Limited('Dependo' or 'the Company') was incorporated on 8 September 2016 under the Companies Act, 2013. The Company is a wholly owned subsidiary of Quess Corp Limited ("Holding Company"). The Company is engaged in the business of logistics and logistic solution services.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

(ii) Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income
All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at fair value through other comprehensive income, then all fair value changes on the instrument, excluding dividend are recognized in other comprehensive income which is not subsequently recycled to statement of profit and loss.

(iv) Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

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DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating

2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating asset to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

SRIVASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

2.2.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The entity has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

2.2.11 Other income

Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

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2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

3 Capital-work in-progress *(Amount in Rs)*

Particulars	Capital-work in-progress	Total
Gross block		
Cost or Valuation		
Opening balance	-	-
Additions	2,500,000	2,500,000
Disposals	-	-
As at 31 March 2017	**2,500,000**	**2,500,000**
Accumulated Depreciation	-	-
Opening balance	-	-
Charge for the period	-	-
Disposals	-	-
As at 31 March 2017	-	-
Net Block	-	-
As at 31 March 2017	**2,500,000**	**2,500,000**

VASAN & SAMPATH * BANGALORE INDIA * CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

4 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31 March 2017
Cash and cash equivalents	
Cash in hand	
Balances with banks	
In current accounts	800,181
	800,181

5 Other current assets

(Amount in INR)

Particulars	As at 31 March 2017
Advances other than capital advances	
Security deposits	100,000
	100,000

6 Share capital

(Amount in INR)

Particulars	As at 31 March 2017
Authorised	
10,000 equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
10,000 equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

6.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	10,000

6.2 Shares held by Holding Company

Equity shares	As at 31 March 2017
Equity shares	
Equity shares of par value Rs 10 each	
Quess Corp Limited	9,999

6.3 Details of shareholders holding more than 5% shares in the Company

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	9,999

VASAN & SAMPATH* BANGALORE INDIA CHARTERED ACCOUNTANTS

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

7 Other Equity

(Amount in INR)

Particulars	As at 31 March 2017
Balance in statement of profit and loss at the end of the period*	(76,300)
	(76,300)

* For detailed movement of reserves refer Statement of changes in Equity

8 Current borrowings

(Amount in INR)

Particulars	As at 31 March 2017
Loan from related party, Unsecured	
From Quess Corp Limited	3,327,873
	3,327,873

*Repayable on demand, with interest rate equivalent to 10 year India Government Bond rate

9 Other current liabilities

(Amount in INR)

Particulars	As at 31 March 2017
Accrued Liability	40,500
Balances payable to government authorities	8,108
	48,608

Dependendo Logistics Solutions Private Limited

Notes to the standalone financial statements for the period ended 31 March 2017

10 Sale of services

(Amount in INR)

Particulars	**For the period from 8 September 2016 to 31 March 2017**
Sale of services	-
	-

11 Other income

(Amount in INR)

Particulars	**For the period from 8 September 2016 to 31 March 2017**
Miscellaneous income	4,781
	4,781

12 Finance costs

(Amount in INR)

Particulars	**For the period from 8 September 2016 to 31 March 2017**
Interest	36,081
	36,081

13 Other expenses

(Amount in INR)

Particulars	**For the period from 8 September 2016 to 31 March 2017**
Audit fees*	45,000
	45,000

***Payment to auditors (net of service tax)**

(Amount in INR)

Particulars	**For the period from 8 September 2016 to 31 March 2017**
Statutory audit	45,000
	45,000

VASAN & SAMPATH
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Dependo Logistics Solutions Private Limited

14 Notes to the standalone financial statements for the period ended 31 March 2017

14.1 *Contingent liabilities and Commitments*

(Amount in Rs)

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Commitments	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for(net of advances and deposits)	-

14.2 Related party disclosures

(i) Name of related parties and description of relationship:

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Subsidiaries	Coachieve Solutions Private Limited
	MFX Infotech Private Limited
	Brainhunter Systems Limited, Canada
	Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED)
	Brainhunter Companies Canada Inc, Canada
	Brainhunter Companies LLC (USA)
	Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines)
	Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.)
	Quesscorp Holdings Pte. Ltd, Singapore
	Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia)
	Aravon Services Private Limited (formerly known as ARAMARK India Private Limited)
	Ikya Business Services (Private) Limited
	MFXchange Holdings Inc, Canada
	MFXchange (Ireland) Limited
	MFXchange Inc, USA
	MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015)
	Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited)
	Inticore VJP Advanced Solutions Private Limited
	Comtel Solutions pte Ltd
	Centreq Business Services Private Limited
	Excelus Learning Solutions Private Limited
- Associates	Terrier Security Services (India) Private Limited
	Simpliance Technologies Pvt Ltd
	Himmer Industrial Services (M) Sdn Bhd

Key executive management personnel

Subrata Kumar Nag	Director
Srinivasan Guruprasad	Director

(ii) Related party transactions during the period

Particulars	31 March 2017
Unsecured Loan	
Quess Corp Limited	3,295,400
Interest on unsecured loans	
Quess Corp Limited	36,081

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

Particulars	31 March 2017
Unsecured Loan	
Quess Corp Limited*	3,327,873

*Includes interest

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

DEPENDO LOGISTICS SOLUTIONS PRIVATE LIMITED

14 Notes to the standalone financial statements for the period ended 31 March 2017

14.3 *Computation of Earnings per share (EPS)*

Particulars	31 March 2017
Net profit/ (loss) attributable to equity shareholders	(76,300)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares outstanding	10,000
Basic and diluted earnings per share (Rs)	(7.63)

14.4 *Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016*

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

14.5 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017

As at 31 March 2017

Particulars	Carrying value 31 March 2017	Fair value 31 March 2017
Financial assets		
Amortised cost		
Cash and cash equivalents	800,181	800,181
Total assets	**800,181**	**800,181**
Financial liabilities		
Amortised cost		
Loans and borrowings	3,327,873	3,327,873
Total liabilities	**3,327,873**	**3,327,873**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, borrowings, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

14.6 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

14.7 The financials have been prepared for the period 8th September 2016 to 31st March 2017 and hence comparatives figues not stated.

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Dependo Logistics Solutions Private Limited

Subrata Kumar Nag

Subrata Kumar Nag
Director
DIN: 02234000

Srinivasan Guruprasad
Director
DIN: 07596207

Place: Bengaluru
Date: 28th April 2017

Independent Auditor's Report

To,
The Members
CentreQ Business Services Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **CentreQ Business Services Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

VASAN & SAMPATH
BANGALORE INDIA
CHARTERED ACCOUNTANTS

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

   i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

   iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 9 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 11.4 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1) The Company does not have any fixed assets as at the period ended 31st March'17. Thus, paragraph 3(i) of the Order is not applicable to the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)
   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

   b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of CentreQ Business Services Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2 May 2017

CentreQ Business Services Private Limited

Balance Sheet	Note	(Amount in INR) As at 31 March 2017
ASSETS		
Current Assets		
Financial assets		
Trade and other receivables	3	103,500
Cash and cash equivalents	4	100,000
		203,500
Total Assets		**203,500**
EQUITY AND LIABILITIES		
Equity		
Share Capital	5	100,000
Other equity	6	6,910
		106,910
Current liabilities		
Other current liabilities	7	93,500
Provisions	8	3,090
		96,590
Total Equity and Liabilities		**203,500**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited

(Amount in INR)

Statement of Profit and Loss	Note	For the period from 9 November 2016 to 31 March 2017
Income		
Revenue from operations	9	90,000
Total Income		**90,000**
Expenses		
Other expenses	10	80,000
Total expenses		**80,000**
Profit before tax		**10,000**
Tax expense		
Current tax		(3,090)
Profit for the period		**6,910**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**6,910**
Earnings per equity share (face value of Rs 10 each)		
Basic	11.3	0.69
Diluted		0.69

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 9 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in INR)

Particulars	Share Capital	OTHER EQUITY			Total Equity attributable to Equity holders of the Company
		Reserves and Surplus		Other Comprehensive Income	
		Retained Earnings	General Reserve	Other Items of Other comprehensive Income	
Opening Balance	-	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	-	100,000
Add: Profit for the Period	-	6,910	-	-	6,910
Balance as of 31 March 2017	**100,000**	**6,910**	-	-	**106,910**

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited

Statement of Cash Flows	*(Amount in INR)* **For the period from 9 November 2016 to 31 March 2017**
Cash flow from operating activities	
Profit before tax	10,000
Adjustments for:	
Depreciation and amortisation	-
Finance costs	-
Operating cash flows before working capital changes	**10,000**
Changes in trade and other receivables	(103,500)
Changes in trade payables and other financial liabilities	93,500
Cash generated from operations	-
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	-
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	-
Proceeds from sale of fixed assets	-
Net cash (used in) / provided by investing activities (B)	-
Cash flows from financing activities	
Proceeds from issue of equity shares, net of issue expenses	100,000
Interest paid	-
Net cash (used in) / provided by financing activities (C)	**100,000**
Net increase in cash and cash equivalents (A+B+C)	100,000
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 4)	**100,000**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

CentreQ Business Services Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview

CentreQ Business Services Private Limited ('CentreQ' or 'the Company') was incorporated on 9 November 2016 under the Companies Act, 2013. The Company is a wholly owned subsidiary of Quess Corp Limited ("Holding Company"). The company is engaged in providing business process outsourcing services.

The Company has still not commenced its operations and is still in a pre - operative stage.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies A

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

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Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

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(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

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b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating asset to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The entity has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other current assets represents revenue earned in excess of amounts billed.

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2.2.11 Other income
Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition
Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs
Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement
Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.2.16 Earnings per share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements
2.3.1 Standards issued but not yet effective
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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3 Trade receivables

(Amount in INR)

Particulars	As at 31 March 2017
Unsecured	
Considered good	103,500
	103,500

4 Cash and cash equivalents

(Amount in INR)

Particulars	As at 31 March 2017
Cash and cash equivalents	
Cash in hand	-
Balances with banks	
In current accounts	100,000
	100,000

5 Share capital

(Amount in INR)

Particulars	As at 31 March 2017
Authorised	
10,000 (10,000) equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
100,000 (10,000) equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

5.1 Reconciliation of number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	10,000

5.2 Shares held by Holding Company

Equity shares	As at 31 March 2017
Equity shares	
Equity shares of par value Rs 10 each	
Quess Corp Limited	9,999

5.3 Details of shareholders holding more than 5% shares in the Company

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	9,999

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CentreQ Business Services Private Limited

Notes to the standalone financial statements for the period ended 31 March 2017

6 **Other Equity**

(Amount in INR)

Particulars	As at 31 March 2017
Balance in statement of profit and loss at the end of the period*	6,910
	6,910

* *For detailed movement of reserves refer Statement of changes in Equity*

7 **Other current liabilities**

(Amount in INR)

Particulars	As at 31 March 2017
Accrued Liability	75,500
Balances payable to government authorities	18,000
	93,500

8 **Provisions**

(Amount in INR)

Particulars	As at 31 March 2017
Provision for tax	3,090
	3,090

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9 Sale of services

(Amount in INR)

Particulars	**For the period from 9 November 2016 to 31 March 2017**
Staffing and recruitment services	90,000
	90,000

10 Other expenses

(Amount in INR)

Particulars	**For the period from 9 November 2016 to 31 March 2017**
Legal and professional fees*	80,000
	80,000

***Auditor's Remuneration**	
As auditor	
Statutory audit	45,000
	45,000

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CentreQ Business Services Private Limited

11 Notes to the standalone financial statements for the period ended 31 March 2017

11.1 *Contingent liabilities and Commitments* *(Amount in INR)*

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Commitments	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	-

11.2 Related party disclosures

(i) Name of related parties and description of relationship:

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LIMITED) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange Inc, USA MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Dependo Logistics Solutions Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions pte Ltd Excelus Learning Solutions Private Limited
- Associates	Terrier Security Services (India) Private Limited Simpliance Technologies Pvt Ltd Himmer Industrial Services (M) Sdn Bhd

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

CENTREQ BUSINESS SERVICES PVT.

CentreQ Business Services Private Limited

11 Notes to the standalone financial statements for the period ended 31 March 2017

11.2 Related party disclosures (Contd.)

Key executive management personnel

Subrata Kumar Nag	Director
Ranjit Nair	Director

11.3 *Computation of Earnings per share (EPS)*

Particulars	31 March 2017
Net profit/ (loss) attributable to equity shareholders	6,910
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares	10,000
Basic and diluted earnings per share (Rs)	0.69

11.4 *Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016*

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

11.5 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March

As at 31 March 2017

Particulars	Carrying value	Fair value
Financial assets	**31 March 2017**	**31 March 2017**
Amortised cost		
Trade receivable	103,500	103,500
Cash and cash equivalents	100,000	100,000
Total assets	**203,500**	**203,500**
Financial liabilities		
Amortised cost		
Trade payables	-	-
Other liabilities	-	-
Total liabilities	-	-

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, borrowings, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

VASAN & SAMPATH BANGALORE INDIA

CENTREQ BUSINESS SERVICES PVT.

CentreQ Business Services Private Limited

11 Notes to the standalone financial statements for the period ended 31 March 2017

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

11.6 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

11.7 The financials have been prepared for the period 9th November 2016 to 31st March 2017 and hence comparatives figues not stated.

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for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2 May 2017

for and on behalf of Board of Directors of
CentreQ Business Services Private Limited

Subrata Kumar Nag
Director
DIN: 02234000

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28 April 2017

Independent Auditor's Report

To,
The Members
Excelus Learning Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Excelus Learning Solutions Private Limited** ('the Company'), which comprise the balance sheet as at **31 March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Jupiter-2, #190, 5th Cross, 3rd Main, MICO Layout
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Web : www.vscaglobal.com

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigations and accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 23 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: ~~28th April 2017~~ 2/May/2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

1)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties held by the Company.

2) The Company is a services company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the year. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7)

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

VARAN & SAMPATH
BANGALORE
INDIA
CHARTERED ACCOUNTANTS

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: ~~28th April 2017~~ 2/May/2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Excelus Learning Solutions Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

[1] Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

2/May/2017

Place: Bangalore
Date: ~~28th April 2017~~

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Balance sheet

	Note	*Amount in Rs.* **As at 31 March 2017**
ASSETS		
Non-current assets		
Property, plant and equipment	3	8,664,664
Financial assets		
Other non-current financial assets	4	3,630,333
Other non-current assets	5	3,977,259
		16,272,256
Current Assets		
Financial assets		
Cash and cash equivalents	6	1,027,402
Other financial assets	7	2,613,445
Other current assets	8	1,485,447
		5,126,294
Total Assets		**21,398,550**
EQUITY AND LIABILITIES		
Equity		
Share Capital	9	100,000
Share application money pending allotment		-
Other equity	10	(1,661,333)
		(1,561,333)
Liabilities		
Non-current liabilities		
Financial liabilities		
Deferred income tax liabilities (net)	11	238,142
		238,142
Current liabilities		
Financial liabilities		
Trade and other payables	12	4,706,671
Borrowings	13	17,124,427
Other financial liabilities	14	711,864
Other current liabilities	15	178,779
		22,721,741
Total Equity and Liabilities		**21,398,550**
Significant accounting policies	1 & 2	

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No. 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)

Statement of profit and loss

	Note	*Amount in Rs.* **For the period from 23 November 2016 to 31 March 2017**
Income		
Other income	16	2,825
Total Income		**2,825**
Expenses		
Employee benefit expenses		-
Finance costs	17	410,773
Depreciation and amortisation expense	3	311,029
Other expenses	18	2,346,865
Total expenses		**3,068,667**
Profit before tax		**(3,065,842)**
Tax expense		
- Current tax		-
- Deferred tax credit/(charge) for the period	11	(238,142)
Profit for the period		**(3,303,984)**
Other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(3,303,984)**
Total comprehensive income attributable to :		
Equity holders of the parent		-
Non-controlling interests		-
Earnings per equity share (face value of Rs. 10 each)		
Basic		(330.40)
Diluted		(330.40)
Significant accounting policies	1 & 2	

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limite

Excelus Learning Solutions Private Limited BANGALORE

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Statement of Changes in Equity for the period ended 31 March 2017

(Amount in Rs.)

Particulars	Share Capital	OTHER EQUITY		attributable to Equity holders of the Company
		Retained Earnings	Other reserves	
Balance as of April 1, 2016	-	-	-	-
Add: Increase in Share Capital	100,000	-	-	100,000
Add: Financial value of Corporate guarantee received	-	-	1,642,651	1,642,651
Less: Loss for the Period	-	(3,303,984)	-	(3,303,984)
Balance as of 31 March 2017	**100,000**	**(3,303,984)**	**1,642,651**	**(1,561,333)**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Cash flow statement

	Amount in Rs.
	For the period from 23 November 2016 to 31 March 2017
Cash flow from operating activities	
Profit before tax	(3,065,842)
Adjustments for:	
Depreciation and amortisation	311,029
Interest income on term deposits	(2,825)
Finance costs	410,773
Operating cash flows before working capital changes	**(2,346,865)**
Changes in Loans, other financial assets and other assets	(3,636,126)
Changes in trade payables and other financial liabilities	5,597,315
Cash generated from operations	**(385,676)**
Direct taxes paid, net of refund	-
Net cash (used in) / provided by operating activities (A)	**(385,676)**
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(11,770,243)
Bank deposits (having original maturity of more than three months)	(3,630,333)
Net cash (used in) / provided by investing activities (B)	**(15,400,576)**
Cash flows from financing activities	
Fair value of financial guarantee received	
Proceeds from borrowings	17,000,000
Proceeds from issue of equity shares, net of issue expenses	100,000
Interest paid	(286,346)
Net cash (used in) / provided by financing activities (C)	**16,813,654**
Net increase in cash and cash equivalents (A+B+C)	1,027,402
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer Note 6)	**1,027,402**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to the financial statements for the year ended 31 March 2017

1. Company overview
Excelus Learning Solutions Private Limited ('the Company') , is a Company incorporated under the provisions of the Companies Act, 2013('the Act') on November 23, 2016. The company has its registered office in Bengaluru, India. The Company is engaged in the business of skill development and training services. The Company has still not commenced its operations and is still in a pre - operative stage.

2.1 Significant accounting policies

2.1.1 Basis of preparation
Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement
The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

2.1.3 Use of estimates and judgment
The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

2.1.4 Current - non current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(vi) Financial guarantee contracts

Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Plant and machinery	3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

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2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.

2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement

b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating asset to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

2.2.10 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The entity has concluded that it is the principal in all of its revenue arrangements since it is exposed to the significant risks and rewards associated with rendering of services.

When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Deferred revenue included in other current liabilities represents amounts billed in excess of revenue earned. Unbilled revenue included in other

2.2.11 Other income

Other income is comprised primarily of interest income and exchange gain/loss on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

2.2.12 Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Finance costs

Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

2.2.14 Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.2.16 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.3 Recent accounting pronouncements

2.3.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment' respectively. The amendments are applicable to the company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

3 Property, plant and equipment

Particulars	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment	Plant and Machinery	Total
Gross block						
As at 1 April 2016	-	-	-	-	-	-
Additions	2,645,765	1,111,671	2,866,925	2,351,332	-	8,975,693
Disposals	-	-	-	-		-
As at 31 March 2017	**2,645,765**	**1,111,671**	**2,866,925**	**2,351,332**	-	**8,975,693**
Accumulated Depreciation						
As at 1 April 2016	-	-	-	-	-	-
Charge for the period	118,528	30,409	56,741	105,351	-	311,029
Disposals	-	-	-	-		-
As at 31 March 2017	**118,528**	**30,409**	**56,741**	**105,351**	-	**311,029**
Net Block :						-
As at 31 March 2017	**2,527,237**	**1,081,262**	**2,810,184**	**2,245,981**	-	**8,664,664**

* Represents translation of tangible assets of non integral operations into Indian Rupees.

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Excelus Learning Solutions Private Limited
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Notes to financial statements for the period ended 31 March 2017

4 Other non-current financial assets

Amount in Rs.

Particulars	As at 31 March 2017
Bank deposits (due to mature after 12 months from the reporting date)	3,630,333
	3,630,333

5 Other non-current assets

Amount in Rs.

Particulars	As at 31 March 2017
(Unsecured and considered good)	
Capital advances	2,794,550
Prepaid expenses	1,182,709
	3,977,259

6 Cash and cash equivalents

Amount in Rs.

Particulars	As at 31 March 2017
Cash and cash equivalents	
Cash in hand	-
Balances with banks	1,027,402
In current accounts	-
In deposit accounts (mature within 3 months from the reporting date)	
	1,027,402
Less: Book overdraft	-
	1,027,402

7 Other financial assets

Amount in Rs.

Particulars	As at 31 March 2017
Interest accrued but not due	2,825
Security deposits	2,610,620
	2,613,445

8 Other current assets

Amount in Rs.

Particulars	As at 31 March 2017
Advances to suppliers	140,584
Other advances	433,960
Prepaid expenses	910,903
	1,485,447

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Notes to financial statements for the period ended 31 March 2017

9 Share capital

Amount in Rs.

Particulars	As at 31 March 2017
Authorised	
10,000 equity shares of par value of Rs 10 each	100,000
	100,000
Issued, subscribed and paid-up	
10,000 equity shares of par value of Rs 10 each, fully paid up	100,000
	100,000

9.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

Amount in Rs.

Particulars	As at 31 March 2017
Equity shares	
At the commencement of the year	-
Shares issued	10,000
At the end of the year	**10,000**

9.2 Shares held by Holding Company

Amount in Rs.

Equity shares	As at 31 March 2017	
	Number of Shares	**Amount**
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	9,999	99,990

9.3 Details of shareholders holding more than 5% shares in the Company

Amount in Rs.

Equity shares	% of Holding	As at 31 March 2017
Equity shares of par value Rs 10 each		
Quess Corp Limited	99.99%	99,990

10 Other equity

Amount in Rs.

Particulars	As at 31 March 2017
Other reserves	1,642,651
Balance in statement of profit and loss at the end of the period*	(3,303,984)
	(1,661,333)

* For detailed movement of reserves refer Statement of changes in Equity

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Excelus Learning Solutions Private Limited
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Notes to financial statements for the period ended 31 March 2017

11 Deferred income tax liabilities

Amount in Rs.

Particulars	**As at 31 March 2017**
Deferred income tax liabilities	238,142
	238,142

12 Trade payables

Amount in Rs.

Particulars	**As at 31 March 2017**
Dues to other than micro, small and medium enterprises	4,706,671
	4,706,671

As on 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

13 Current borrowings

Amount in Rs.

Particulars	**As at 31 March 2017**
Secured	
Cash credit and overdraft facilities	-
Loan from related parties, unsecured	
From Quess Corp Limited*	17,124,427
	17,124,427

*Repayable on demand, with interest equivalent to 10 year India Government Bond rate

14 Other current financial liabilities

Amount in Rs.

Particulars	**As at 31 March 2017**
Accrued Expenses	711,864
	711,864

15 Other current liabilities

Amount in Rs.

Particulars	**As at 31 March 2017**
Balances payable to government authorities	178,779
	178,779

Excelus Learning Solutions Private Limited
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Notes to financial statements for the period ended 31 March 2017

16 **Other income**

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Interest on bank deposits	2,825
	2,825

17 **Finance costs**

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Interest expense*	138,252
Other borrowing costs	272,521
	410,773

*Interest to holding company (Refer note no. 19)

18 **Other expenses**

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Rent	482,872
Legal and professional fees*	749,950
Rates and taxes	36,392
Printing and stationery	44,577
Travelling and conveyance	315,753
Communication expenses	7,048
Office maintenance	513,813
Miscellaneous expenses	11,460
Commission expenses	185,000
	2,346,865

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19 Contingent liabilities and Commitments

Amount in Rs.

Particulars	As at 31 March 2017
Contingent liabilities	
Claims against company not acknowledged as Debts	-
Capital Commitments (net of advance)	
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and	16,519,182
	16,519,182

20 Related party disclosures

(i) Name of related parties and description of relationship:

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited
- Fellow subsidiaries	Coachieve Solutions Private Limited MFX Infotech Private Limited Brainhunter Systems Ltd., Canada Mindwire Systems Ltd., Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) LTD.) Brainhunter Companies Canada Inc., Canada Brainhunter Companies LLC, USA Quess (Philippines) Corp. (formerly known as Magna Ikya Infotech, Inc., Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) Sdn. Bhd. (formerly known as Brainhunter SDN. BHD., Malaysia) Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange US, Inc. MFX Roanoke Inc, USA Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Dependo Logistics Solutions Private Limited Manipal Integrated Services Private Limited Inticore VJP Advanced Solutions Private Limited Comtel Solutions pte Ltd, singapore CentreQ Business Services Limited
- Associates of Holding Company	Terrier Security Services (India) Private Limited Simpliance Technologies Private Limited Himmer Industrial Services (M) Sdn Bhd
- Fellow subsidiary of Holding Company	National Collateral Management Services Limited

Key executive management personnel

Subrata Nag	Director & Chief Financial Officer (till 23 January 2017)
Ranjit Nair	Director
Balasubramanian S	Chief Financial Officer (from 23 January 2017 till 31 March 2017)
NVS Pavankumar	Company Secretary (till 28 November 2016)
Sudershan Pallaap	Company Secretary (from 28 November 2016)

(ii) Related party transactions during the year/period

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Unsecured loan received from holding company	
- Quess Corp Limited	17,000,000
Interest on unsecured loan	
- Quess Corp Limited	138,252

VARAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

(iii) Balance receivable from and payable to related parties as at the balance sheet date:

Amount in Rs.

Particulars	As at 31 March 2017
Unsecured loan payable including interest	
- Quess Corp Limited*	17,124,427
*includes interest Rs. 124,427	

21 Earnings per share (EPS)

Amount in Rs.

Particulars	As at 31 March 2017
Net profit/ (loss) attributable to equity	(3,303,984)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	10,000
Equity shares issued during the period	-
Number of equity shares at the end of the year	10,000
Weighted average number of equity shares outstanding during the period for basic and diluted EPS	10,000
Basic and diluted earnings per share (Rs)	**(330.40)**

22 Payment to auditors (net of service tax; included in legal and professional fees)

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Statutory audit fees	45,000
Tax audit fees	-
	45,000

23 Leases

Operating Leases

The Company is obligated under cancellable lease for office and residential premises, which are renewable at the option of lessor and lessee. Total rental expense under cancellable operating leases for the year ended 31 March 2017 amounted to Rs. 4,82,872

24 Income tax

Income tax expense in the statement of profit and loss consists of:

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Current income tax:	-
In respect of the current period	
Deferred tax	238,142
In respect of the current period	
Income tax expense reported in the statement of profit and loss	**238,142**
Income tax expense has been allocated as follows:	
- Deferred tax arising on income and expense recognised in other comprehensive income	-
Net loss/ (gain) on remeasurement of defined	
- Deferred tax related to unrealised gain/loss on FVTOCI equity securities	-
Total	-

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Amount in Rs.

Particulars	For the period from 23 November 2016 to 31 March 2017
Profit before tax *	(3,065,842)
Enacted income tax rate in India	30.90%
Computed expected tax expense	-
Effect of:	
Income exempt from tax	-
Expenses disallowed for tax purpose	-
Foreign tax (net)	-
Tax reversals	-
Others	-
Total income tax expense	-

The tax rates under Indian Income Tax Act, for the year ended March 31, 2017 is 30.90%.

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Deferred tax

Deferred tax relates to the following:

Amount in Rs.

	Balance sheet	Statement of profit and loss
	As at 31 March 2017	For the period from 23 November 2016 to 31 March 2017
Property, plant and equipment	238,142	238,142
Provision for compensated absence	-	-
Intangible assets	-	-
Deferred tax related to Net loss/(gain) on remeasurements of defined benefit plans recognised in OCI during the year**	-	-
Net deferred tax assets/ (liabilities)	**238,142**	**238,142**

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2017.

Amount in Rs.

Particulars	As at 31 March 2017
Income tax assets	-
Income tax liabilities	-
Net income tax assets/(liability) at the end	**-**

25 **Financial instruments**

The carrying value and fair value of financial instruments by categories as at 31 March 2017 is as follows: *Amount in Rs.*

Particulars	Carrying value As at 31 March 2017	Fair value As at 31 March 2017
Financial assets		
Amortised cost		
Cash and cash equivalents	1,027,402	1,027,402
Other assets	6,243,778	6,243,778
Total assets	**7,271,180**	**7,271,180**
Financial liabilities		
Amortised cost		
Loans and borrowings	17,124,427	17,124,427
Trade payables	4,706,671	4,706,671
Other liabilities	711,864	711,864
Total liabilities	**22,542,962**	**22,542,962**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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Excelus Learning Solutions Private Limited
(A Subsidiary of Quess Corp Limited)
Notes to financial statements for the period ended 31 March 2017

26 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The management assessed that fair value of financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, there are no financial liabilities or assets revalued at fair value.

There are no financial liabilities and assets measured at fair value

27 Current financial year being the year of incorporation, these financial statements have been prepared for the period from 23rd November 2016 to 31 March 2017 and hence comparatives figures not available.

28 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Government of India vide notification dated 8 November 2016 had stated that existing series of Rs.500 and Rs.1,000 denominations of Bank Notes issued by Reserve Bank of India (i.e. SBN) ceased to be legal tender with effect from 9 November 2016 as specified in the notification. The following are details related to the Specified Bank Notes (SBN) held and transacted during the period from 23rd November, 2016 to 30th

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	-	-

As per our report of even date attached
for **Vasan & Sampath**
Chartered Accountants
Firm's Registration No.: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No. 205703

Place: Bengaluru
Date: ~~28 April 2017~~ 2/May/2017

for and on behalf of Board of Directors of
Excelus Learning Solutions Private Limited

Ranjit Nair
Director
DIN : 07086634

Subrata Nag
Director
DIN : 02234000

Excelus Learning Solutions Private Limited BANGALORE

Place: Bengaluru
Date: 28 April 2017

Independent Auditor's Report

To,
The Members
Inticore VJP Advance Systems Private Limited

Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Inticore VJP Advance Systems Private Limited** ('the Company'), which comprise the balance sheet as at **31st March 2017**, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the period 14thMarch 2016 to 31st March 2017, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "standalone Ind AS financial statements")

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Actread with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2) As required by Section 143 (3) of the Act, we report that;

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss, the cash flow statement, and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder

   e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. the Company does not have any pending litigationsand accordingly there is no impact on its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32.6 to the standalone Ind AS financial statements.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH
BANGALORE INDIA
CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the period ended 31 March 2017, we report that:

1)
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

2) As explained to us, the physical verification of inventory has been carried out by the management and no material discrepancy was noticed.

3) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

4) The company has not made any loans and investments during the period. Hence, the provisions of Section 185 and 186 of the Act does not apply.

5) The Company has not accepted any deposits from the public.

6) The maintenance of cost records as prescribed by the Central Government under section 148(1) of the Act is not applicable for the company.

7)
   a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other statutory dues, have generally been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, value added tax and duty of excise.

   b. According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, duty of customs or excise, which have not been deposited with the appropriate authorities on account of any dispute.

8) The Company has not defaulted on repayment of any loans or borrowings from any financial institution, banks, government or debenture holders during the year.

9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments),according to information & explanationsgiven to us;the term loans

raised during the period have been applied by the Company for the purposes for which they were raised.

10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the period and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, is not applicable.

12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standaloneInd AS financial statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

ANNEXURE B - to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Inticore VJP Advance Systems Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note" on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note[1] and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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[1]Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Vasan & Sampath**
Chartered Accountants
Firm Registration Number: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership number: 205703

Place: Bangalore
Date: 2nd May 2017

Inticore VJP Advance Systems Private Limited
Balance Sheet

	Note	*(Amount in Rs)* As at 31 March 2017
ASSETS		
Non-current assets		
Property, plant and equipment	4	28,211,594
Capital work-in-progress	4	675,242
Financial assets		
Other financial assets	5	330,000
Income tax assets (net)	6	1,002,029
Other non-current assets	7	4,413,201
		34,632,066
Current Assets		
Inventories	8	5,967,153
Financial assets		
Trade receivables	9	16,695,982
Cash and cash equivalents	10	47,413
Bank balance other than above	11	240,850
Other financial assets	12	10,113
Other current assets	13	4,330,433
		27,291,944
Total Assets		**61,924,010**
EQUITY AND LIABILITIES		
Equity		
Share Capital	14	384,000
Other equity	15	33,722,842
		34,106,842
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	16	7,011,845
Provisions	17	97,952
		7,109,797
Current liabilities		
Financial liabilities		
Borrowings	18	2,532,330
Trade payables	19	8,337,701
Other financial liabilities	20	9,020,824
Other current liabilities	21	794,792
Provisions	22	21,724
		20,707,371
Total Equity and Liabilites		**61,924,010**

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2nd May 2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Statement of profit and loss

	Note	*(Amount in Rs)* For the period from 14 March 2016 to 31 March 2017
Income		
Revenue from operations	23	41,874,860
Other income	24	85,808
Total Income		**41,960,668**
Expenses		
Cost of traded goods sold	25	31,630,334
Excise duty on sale of goods		4,098,140
Employee benefits expense	26	1,519,918
Finance costs	27	1,142,923
Depreciation and amortisation expense	28	285,398
Other expenses	29	4,515,913
Total expenses		**43,192,626**
Profit/(loss) before tax		**(1,231,958)**
Tax expense		
Current tax		-
Deferred tax		-
Profit/(loss) for the period		**(1,231,958)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement gains / (losses) on defined benefit plans		-
Other comprehensive income for the period		-
Total comprehensive income for the period		**(1,231,958)**
Earnings per equity share (face value of Rs 10 each)	32.4	
Basic		(65.11)
Diluted		(65.11)

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited

Statement of Cash Flows	*(Amount in Rs)* **For the period ended 31 March 2017**
Cash flow from operating activities	
Loss for the period	(1,231,958)
Adjustments for:	
Depreciation and amortisation	285,398
Interest income on term deposits	(30,401)
Finance costs	1,142,923
Operating cash flows before working capital changes	**165,962**
Changes in inventories and trade receivables	(22,663,135)
Changes in Loans, other financial assets and other assets	(8,896,247)
Changes in trade payables and other financial liabilities	12,929,995
Changes in other liabilities and provisions	914,468
Cash generated from operations	**(17,548,957)**
Income taxes paid, net of refund	(1,002,029)
Net cash (used in) / provided by operating activities (A)	**(18,550,986)**
Cash flows from investing activities	
Expenditure on property,plant and equipment and intangibles, net of sale proceeds	(29,172,234)
Bank deposits (having original maturity of more than three months)	(240,850)
Interest income on term deposits	30,401
Net cash (used in) / provided by investing activities (B)	**(29,382,683)**
Cash flows from financing activities	
Proceeds from borrowings	13,972,705
Proceeds from issue of equity shares	35,088,800
Interest paid	(1,080,423)
Net cash (used in) / provided by financing activities (C)	**47,981,082**
Net increase in cash and cash equivalents (A+B+C)	47,413
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 10)	**47,413**
	-

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Statement of Changes in Equity

(Amount in Rs)

Particulars	Share Capital	OTHER EQUITY				Total Equity attributable to Equity holders of the Company
		Reserves and Surplus			Other Comprehensive Income	
		Securities Premium	Retained Earnings	Other Reserves	Other Items of Other comprehensive Income	
Opening Balance	-	-	-	-	-	-
Add: Increase in share capital	384,000		-	-	-	384,000
Add: Premium received on issue of equity shares	-	34,704,800	-	-	-	34,704,800
Add: Loss for the period	-	-	(1,231,958)	-	-	(1,231,958)
Add: Fair value of financial guarantee received	-	-	-	250,000	-	250,000
Balance as at 31 March, 2017	**384,000**	**34,704,800**	**(1,231,958)**	**250,000**	**-**	**34,106,842**

As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH BANGALORE INDIA CHARTERED ACCOUNTANTS

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-17

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Inticore VJP Advance Systems Private Limited
Notes to the Financial Statements for the year ended 31 March 2017

1. Company overview
Inticore VJP Advance Systems Private Limited is incorporated on 14 March 2016 under the Companies Act, 2013. The Company is a subsidiary of Quess Corp Limited ("Holding Company") w.e.f 1 December 2016 post subscription of shares. The Company is engaged in Designing, manufacturing and trading the advances systems which are meant for high precision cast components and system designed for integrated core solutions. Manufacture, trading and supply of machined aluminium (and other metal alloy) castings and other related parts to diversified industry sectors.

2.1 Significant accounting policies

2.1.1 Basis of preparation

Ministry of Corporate Affairs notified roadmap to implement Indian accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with Ind AS.

These financial statements are prepared in accordance with Indian Accounting Standards (IndAS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1.2 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities that are qualified to be measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit and other long-term employee benefits;

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Contingent liability:* Contingent liabilities are not recognized in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

ii) *Income taxes:* Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.1.4 Current - non current classification
All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

INTICORE VJP ADVANCE SYSTEMS PVT. LTD.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Summary of significant accounting policies

2.2.1 Foreign currency transactions and balances

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.2.2 Financial instruments

2.2.2.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities, which are at fair value through profit or loss are recognized immediately in profit or loss.

2.2.2.2 Subsequent measurement

(a) Non- derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are reclassified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Equity instruments at fair value through other comprehensive income

All equity instruments are measured at fair value. Equity instruments held for trading is classified as fair value through profit and loss. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis.

(iv) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(v) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

VASAN & SAMPATH * BANGALORE INDIA * CHARTERED ACCOUNTANTS

INTICORE VJP ADVANCE SYSTEMS PVT. LTD.

(vi) Financial guarantee contracts
Financial guarantee contracts issued by the holding company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair value of cost of availing the financial guarantee is recognized initially as an asset giving corresponding affect to a component in other equity. The asset so recognized is amortized to the statement of profit and loss over the period of such guarantee availed.

(b) Share Capital
Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable other issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.2.2.3 De - Recognition of financial instruments
The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109.A financial liability(or a part of a financial liability)is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.2.3 Fair Value of Financial Instruments
In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment on straight line basis over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. The useful lives are as below:

Category	Useful life
Buidling	20 years
Plant and machinery	8 years
Tools and Moulds	Maximum 3 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements*	As per lease term

*Leasehold improvement are amortized over the lower of useful life of the assets and lease term of the leasehold premises on a straight-line basis.
Useful life of Tools and Moulds are evaluated at the end of each year.
Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in progress'.

2.2.5 Intangible assets

Application software purchased, which is not an integral part of the related hardware, is shown as intangible assets and amortized on a straight line basis over its useful life, not exceeding three years, as determined by management.

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

The estimated useful lives of intangibles are as follows:

Category	Useful life
Software	3 years

2.2.6 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the lessor are recognized as operating lease.
Lease payments under operating lease are recognized as an expense in the statement of profit and loss on a straight line basis.

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2.2.7 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. The higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating asset to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.2.8 Employee benefit

(a) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognizes related restructuring costs or termination benefits.

The retirement benefit obligations recognized in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Actuarial gains or losses are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit or loss in subsequent periods.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(c) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability using the projected unit credit method as at the balance sheet date.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

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2.2.10 Revenue
Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

2.2.11 Other income
Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method.
The Company recognises export benefits on cash basis.

2.2.12 Cost recognition
Costs and expenses are recognized when incurred and have been classified according to their primary nature.

2.2.13 Inventories
Inventories are valued at lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manfacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in first out basis.
Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.2.14 Finance costs
Interest expense consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest

2.2.15 Income tax
Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized 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 balance sheet date. Deferred income tax assets and liabilities are recognized 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 nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized 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 utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.16 Cash flow statement
Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.2.17 Earnings per share
Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.
The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements
3 Standards issued but not yet effective
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.
Amendment to Ind AS 7:
The amendment to Ind AS 7 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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Notes to the financial statements for the period ended 31 March 2017

4 Property, plant and equipment

Particulars	Buildings	Computer and Equipments	Furniture & Fixtures	Office Equipments	Plant and Machinery	Tools and Moulds	Capital Work in Progress	Total
Cost/Deemed Cost (gross carrying value)								
Opening Balance								-
Additions during the period	12,758,327	54,819	1,903,161	465,900	12,999,365	315,420	675,242	29,172,234
Disposals for the period	-							-
As at 31 March 2017	**12,758,327**	**54,819**	**1,903,161**	**465,900**	**12,999,365**	**315,420**	**675,242**	**29,172,234**
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Charge for the period	55,607	13,345	33,352	31,812	142,064	9,218	-	285,398
Disposals		-		-	-	-	-	-
As at 31 March 2017	**55,607**	**13,345**	**33,352**	**31,812**	**142,064**	**9,218**	-	**285,398**
Net Block :								
As at 31 March 2017	**12,702,720**	**41,474**	**1,869,809**	**434,088**	**12,857,301**	**306,202**	**675,242**	**28,886,836**

Refer note 32.10 for indirect cost allocated to buildings.

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6 Income tax

The major components of income tax expense for the period ended 31 March 2017 :

(Amount in Rs)

Particulars	For the period ended 31 March 2017
Statement of profit and loss account	
Current income tax:	
In respect of the current period	-
Deferred tax	
In respect of the current period	-
Income tax expense reported in the statement of profit and loss	-
Other comprehensive Income	
Deferred tax related to items recognised in OCI during the period	-
Total	-

Deferred tax

* 'The company has not recognised deferred tax asset as at 31 March 2017 due to absense of reasonable certainty of set off of unabsorbed losses against taxable profits in the forseeable future.

The Company has not created deferred tax assets on the following:

Particulars	As at 31 March 2017
Property, plant and equipment	(139,120)
Provision for compensated absences	9,994
Provision for gratuity	20,823
Losses available for offsetting against future taxable income	494,256
Others	
	385,953

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2017

Particulars	As at 31 March 2017
Income tax assets	1,002,029
Income tax liabilities	-
Net income tax liability at the end of the period	**1,002,029**

5 Other non-current financial assets

	As at 31 March 2017
Bank deposits (due to mature after 12 months from the reporting date)	330,000
	330,000

7 Other non-current assets

	As at 31 March 2017
(Unsecured and considered good)	
Capital advances	4,304,351
Security deposits	108,850
	4,413,201

8 Inventories

	As at 31 March 2017
(Valued at lower of cost and net realizable value)	
Raw materials	1,449,142
Work-in-progress	594,896
Tools	2,298,754
Finished Goods	1,624,361
	5,967,153

9 Trade receivables

	As at 31 March 2017
Unsecured	
Considered good	16,695,982
	16,695,982

10 Cash and cash equivalents

	As at 31 March 2017
Cash and cash equivalents	
Balances with banks	
In current accounts	47,413
	47,413

11 Other bank balances

	As at 31 March 2017
Balance with banks held as margin money deposits	240,850
	240,850

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12 Other financial assets

	As at 31 March 2017
(Unsecured and considered good)	
Interest accrued but not due	10,113
	10,113

13 Other current assets

	As at 31 March 2017
(Unsecured and considered good)	
Advances other than capital advances	
Advances to suppliers	1,666,933
Advances to employees	48,794
Other advances	115,873
Prepaid expenses	242,130
Balance with government authorities	2,256,703
	4,330,433

14 Share capital

	As at 31 March 2017
Authorised	
50,000 equity shares of par value of Rs 10 each	500,000
	500,000
Issued, subscribed and paid-up	
38,400 equity shares of par value of Rs 10 each, fully paid up	384,000
	384,000

14.1 Reconciliation of number of shares outstanding at the beginning and at the end of the period

	As at 31 March 2017	
Particulars	**Number of shares**	**Amount in Rs**
Equity shares		
Opening Balance	-	-
Shares issued during the period	38,400	384,000
Balance as at 31 March 2017	**38,400**	**384,000**

14.2 Shares held by Holding Company

	As at 31 March 2017	
Particulars	**Number of shares**	**Amount in Rs**
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited, the holding company	28,400	284,000
	28,400	**284,000**

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14.3 Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2017	
	Number of shares	**% holding in class**
Equity shares		
Equity shares of par value Rs 10 each		
Quess Corp Limited	28,400	73.96%
Vee J Pee Aluminimum Foundry Private Limited	9,990	26.02%

14.4 Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. Each equity holder is entitled to one vote per share. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of preferential amounts if any, in proportion to the number of equity shares held.

15 Other equity

	As at 31 March 2017
Securities premium account at the end of the period*	34,704,800
Balance in statement of profit and loss at the end of the period*	(1,231,958)
Other reserves	250,000
	33,722,842

* For detailed movement of reserves refer Statement of changes in Equity

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares.

16 Non-current borrowings

	As at 31 March 2017
Secured	
From Banks	7,011,845
	7,011,845

Term Loan is taken from Yes Bank Limited which carries interest rate of 0.6% over the marginal cost of funds based lending rate computed. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future.

Principal payments which are due after twelve months from the reporting date aggregating to Rs 7,011,845 has been classified as long-term borrowings. Principal payments which are due within twelve months from the reporting date aggregating to Rs 4,428,530 has been classified as current maturities of long-term borrowings under other current liabilities.

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17 Non-current provisions

	As at 31 March 2017
Provision for employee benefit	
Provision for gratuity	38,701
Provision for compensated absences	59,251
	97,952

18 Current borrowings

	As at 31 March 2017
Loans from bank repayable on demand	
Secured	
Cash credit	2,532,330
	2,532,330

18.1 * Cash credit from banks carry interest @ 0.80% over the the marginal cost of funds based lending rate computed on a monthly basis on actual amount utilised, and are repayable on demand. These are secured by way of pari passu first charge on the entire current assets and movable fixed assets of the Company both present and future.

19 Trade payables

	As at 31 March 2017
Trade payable	8,337,701
	8,337,701

As on 31 March 2017, there are no outstanding amounts due to micro and small enterprises. There are no interests due or outstanding on the same.

20 Other current financial liabilities

	As at 31 March 2017
Current maturities of long-term borrowings	4,428,530
Interest accrued and not due	82,690
Other Payables	
Accrued expenses	4,509,604
	9,020,824

21 Other current liabilities

	As at 31 March 2017
Advance received from customers	242,795
Statutory dues	334,819
Others	217,178
	794,792

22 Current provisions

	As at 31 March 2017
Provision for employee benefits	
Provision for gratuity	110
Provision for compensated absences	21,614
	21,724

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23 Revenue from operations

Particulars	For the period from 14 March 2016 to 31 March 2017
Sale of goods including excise duty	41,874,860
	41,874,860

24 Other income

Particulars	For the period from 14 March 2016 to 31 March 2017
Interest on bank deposits	30,401
Exchange gain	2,898
Duty drawback received	52,509
	85,808

25 Cost of goods sold

Particulars	For the period from 14 March 2016 to 31 March 2017
Inventory at the beginning of the period	-
Add: purchases during the period	37,597,487
Less: Inventory at the end of the period	5,967,153
Cost of goods sold	**31,630,334**

26 Employee benefits expense

Particulars	For the period from 14 March 2016 to 31 March 2017
Salaries and wages	1,385,492
Gratuity	38,811
Compensated absense	80,865
Staff welfare expenses	14,750
	1,519,918

27 Finance costs

Particulars	For the period from 14 March 2016 to 31 March 2017
Interest expense	961,860
Other borrowing costs	181,063
	1,142,923

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28 Depreciation and amortisation expense

Particulars	For the period from 14 March 2016 to 31 March 2017
Depreciation and amortisation (refer note 4)	285,398
	285,398

29 Other expenses

Particulars	For the period from 14 March 2016 to 31 March 2017
Legal and professional fees	794,294
Processing cost	1,907,260
Travelling and conveyance	393,151
Transportation charges	327,608
Bank charges	174,348
Power and fuel	163,801
Printing and stationery	130,122
Rates and taxes	177,278
Insurance Expnses	123,571
Rent	14,820
Repairs & Maintenance - buildings	85,025
Repairs & Maintenance - others	32,299
Miscellaneous expenses	192,336
	4,515,913

Payment to auditors (net of service tax; included in legal and professional fees)

As auditor	
Statutory audit	350,000
Other services	5,000
	355,000

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30 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2017 as follows:

As at 31 March 2017 *(Amount in Rs)*

Particulars	Carrying value 31 March 2017	Fair value 31 March 2017
Financial assets		
Amortised cost		
Trade receivable	16,695,982	16,695,982
Cash and cash equivalents	47,413	47,413
Other assets	580,963	580,963
Total assets	**17,324,358**	**17,324,358**
Financial liabilities		
Amortised cost		
Loans and borrowings	2,532,330	2,532,330
Trade payables	8,337,701	8,337,701
Other liabilities	9,020,824	9,020,824
Total liabilities	**19,890,855**	**19,890,855**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation

31 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included within Level 1 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 assets or liabilities that are not based on observable market data (unobservable inputs).

There are no financial liabilities or assets measured at fair value.

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32 Notes to accounts

32.1 Contingent liabilities and commitments *(Amount in Rs)*

Particulars	31 March 2017
Contingent liabilities	Nil
Capital Commitments net of advances	2,716,760

32.2 Gratuity plan

The following table sets out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at 31 March 2017.

Particulars	31 March 2017
Change in defined benefit obligation	
Obligation at the beginning of the year	-
Current service cost	38,811
Interest cost	-
Benefit settled	-
Actuarial (gain) / loss- Experience	-
Obligation at end of the year	38,811

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	31 March 2017
Fair value of plan assets at the end of the year	-
Present value of the defined benefit obligations at the end of the year	38,811
Liability recognised in the balance sheet	38,811
Current	110
Non-current	38,701

Particulars	31 March 2017
Service cost	38,811
Net interest on net defined benefit liability/(asset)	-
Re-measurement- acturial gain/(loss) recognised on OCI	-
Curtailment cost	-
Past service cost	-
Net gratuity cost	38,811

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions

	As at 31 March 2017	
	Increase	**Decrease**
Discount rate (1% movement)	35,244	42,944
Future salary growth(1% movement)	35,275	42,823

Assumptions

Particulars	31 March 2017
Interest rate	7%
Salary increase	9%
Attrition rate	12.5%

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion

The expected return on plan assets is based on expectation of the average long-term rate of return expected on investments

Maturity profile of defined benefit obligation

Particulars	31 March 2017
Within 1 year	110
2-5 years	16,256
6-10 years	20,420
More than 10 years	52,633

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32.3 **Leave encashment**

The Company has accounted the cost of leave encashment based on the acturial valuation report obtained on 31 March 2017 and has estimated a leave encashment liability of Rs 80,865 under projected unit credit method as per IndAs 19 .

Key assumptions used in the valuation of leave encashment Liability are as given below:

Particulars	**31 March 2017**
Interest rate	7%
Salary increase	9%
Attrition rate	12.5%
Mortality rate	LIC (2006-08) published table of mortality rates

32.4 ***Computation of Earnings per share (EPS)***

Particulars	**31 March 2017**
Net profit/ (loss) attributable to equity shareholders	(1,231,958)
Calculation of weighted average number of equity shares for basic earning per share	
Number of equity shares at the beginning of the period	-
Equity shares issued during the period	38,400
Number of equity shares at the end of the period	38,400
Weighted average number of equity shares outstanding during the period for basic EPS	18,921
Basic earnings per share (Rs)	(65.11)
Diluted earnings per share (Rs)	(65.11)

32.5 ***Related party disclosures***

I. Related party relationships

Entity having common directors with whom the Company has transactions

- Ultimate Holding Company	Fairfax Financial Holdings Limited
- Holding Company	Quess Corp Limited (from 01 December 2016) Vee J Pee Aluminimum Foundry Private Limited (till 30 November 2016)
- Fellow Subsidiaries	MFX Infotech Private Limited Brainhunter Systems Limited, Canada Mindwire Systems Limited, Canada (formerly known as ZYLOG SYSTEMS (OTTAWA) Brainhunter Companies Canada Inc, Canada Brainhunter Companies LLC (USA) Quess (Philippines) Corp (formerly known as Magna Ikya Infotech Inc, Philippines) Quess Corp (USA) Inc. (formerly known as Magna Infotech Inc.) Quesscorp Holdings Pte. Ltd, Singapore Quessglobal (Malaysia) SDN.BHD (formerly known as Brainhunter SDN. BHD., Malaysia Aravon Services Private Limited (formerly known as ARAMARK India Private Limited) Ikya Business Services (Private) Limited MFXchange Holdings Inc, Canada MFXchange (Ireland) Limited MFXchange Inc, USA MFX Roanoke Inc, USA (merged with MFXchange US, Inc. effective 31 December 2015) Quess Corp Lanka (private) Limited (Formerly known as Ranstad lanka private Limited) Dependo Logistics Solutions Private Limited Coachieve Solutions Private Limited Comtel Solutions pte Ltd Centreq Business Services Private Limited Excelus Learning Solutions Private Limited
- Associates of the holding company	Terrier Security Services (India) Private Limited Simpliance Technologies Pvt Ltd Himmer Industrial Services (M) Sdn Bhd
- Fellow subsidiary of the holding company	National Collateral Management Services Limited
- Entity having common directors of holding company	Net Resource Investments Private Limited
-Entities in which key managerial 'personnel of holding company has significant influence	Styracorp Management services IME Consultancy
- Other related parties	Manipal Integrated Services Private Limited

VARMA & SAMPATH * BANGALORE INDIA * CHARTERED ACCOUNTANTS

SYSTEMS PV ADVANCE

Related party disclosures (Contd.)
Key management personnel

Ajit Isaac
Subrata Nag
Balasubramaian
NVS Pavankumar
Sudarshan Pallaap
Ranjit Nair

II Related party with whom transactions have taken place during the period

Particulars	31 March 2017
Sale of goods	
Vee J Pee Aluminimum Foundry Private Limited	5,365,975
Purchase of goods	
Vee J Pee Aluminimum Foundry Private Limited	4,007,144
Expenses Reimbursed From	
Vee J Pee Aluminimum Foundry Private Limited	902,647
Expenses paid to	
Vee J Pee Aluminimum Foundry Private Limited	125,625
Closing balance	
Receivable	
Vee J Pee Aluminimum Foundry Private Limited	3,158,660

32.6 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2

Particulars	Specified Bank Notes	Other denomination	Total
Closing cash in hand as on 8 November 2016	-	85,100	85,100
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	85,100	85,100

32.7 Segment reporting

The Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments.
The Company is in the business of Designing and manufacturing the advances systems which are meant for high precision cast components and system designed for integrated core solutions. Manufacture and supply of machiened aluminium (and other metal alloy) castings and other related parts to diversified industry sectors and is considered by CODM as the only reportable business segment taking into account the nature of the business, the organization structure, internal reporting structure and risk and rewards. All the assets of the Company are located in India. The Company primarily caters to the needs of only the Indian market. Accordingly, there are no reportable secondary geographical segments.

32.8 Since the company is in its initial year of operation, the Company has not recognised credit loss on expected credit loss model for the period reported.

32.9 Previous year/opening balance figures are not states since this is the first financial statements of the Company. The financial statement have been prepared for the period 14 March 2016 to 31 March 2017.

32.10 Additions made to building during the year includes allocable indirect overheads of Salaries and Professional charges amounting to Rs 26,14,478.

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for Vasan and Sampath
Chartered Accountants
Firm's Registration No: 004542S

VASAN & SAMPATH CHARTERED ACCOUNTANTS BANGALORE INDIA

Unnikrishnan Menon
Partner
Membership No: 205703

Place: Bengaluru
Date: 2-May-2017

for and on behalf of Board of Directors of
Inticore VJP Advance Systems Private Limited

Abhinandan Raghuthaman
Director
DIN: 07675547

Ranjit Nair
Director
DIN: 07086634

Place: Bengaluru
Date: 28-Apr-17

Consolidated Financial Statements of

BRAINHUNTER SYSTEMS LTD.

Year ended March 31, 2017

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Brainhunter Systems Ltd.

We have audited the accompanying consolidated financial statements of Brainhunter Systems Ltd., which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statements of operations and deficit and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brainhunter Systems Ltd. as at March 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 in the consolidated financial statements, which indicates that Brainhunter Systems Ltd. has experienced losses and had a shareholders' deficiency as at March 31, 2017. These conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Brainhunter Systems Ltd.'s ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 12, 2017
Vaughan, Canada

BRAINHUNTER SYSTEMS LTD.

Consolidated Balance Sheet

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 875,878	$ 274,848
Accounts receivable	11,440,248	12,553,317
Prepaid expenses	324,529	193,617
	12,640,655	13,021,782
Deposits	82,928	73,126
Property and equipment (note 4)	622,863	129,223
	$ 13,346,446	$ 13,224,131
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Bank indebtedness (note 5)	$ 8,047,672	$ 7,413,776
Accounts payable and accrued liabilities (note 6)	7,064,276	8,051,214
Due to related parties (note 7)	4,014,389	1,917,865
Deferred revenue	384,591	173,114
	19,510,928	17,555,969
Long-term liabilities:		
Bank indebtedness (note 5)	2,002,000	3,334,000
Shareholders' deficiency:		
Capital stock (note 10)	4,514,502	4,514,502
Deficit	(12,680,984)	(12,180,340)
	(8,166,482)	(7,665,838)
Going concern (note 1)		
Commitments (note 12)		
	$ 13,346,446	$ 13,224,131

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Operations and Deficit

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenue (note 11)	$ 68,487,622	$ 74,722,472
Cost of sales	59,047,856	65,316,466
Gross margin	9,439,766	9,406,006
Expenses:		
Salaries and benefits	6,837,250	7,833,440
Office and general	2,262,582	2,944,605
	9,099,832	10,778,045
Income (loss) before the undernoted items	339,934	(1,372,039)
Other expenses (income):		
Amortization of property and equipment (note 4)	212,041	125,266
Interest (note 5)	400,595	398,084
Financing costs	194,013	133,619
Loss (gain) on foreign exchange	33,929	(29,903)
	840,578	627,066
Loss for the year	(500,644)	(1,999,105)
Deficit, beginning of year	(12,180,340)	(10,181,235)
Deficit, end of year	$ (12,680,984)	$ (12,180,340)

See accompanying notes to consolidated financial statements.

BRAINHUNTER SYSTEMS LTD.

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (500,644)	$ (1,999,105)
Items not involving cash:		
Amortization of property and equipment	212,041	125,266
Accrued interest on bank indebtedness	33,351	202,633
Accrued interest on loans from related parties	58,698	–
Change in non-cash operating working capital:		
Accounts receivable	1,113,069	(1,324,197)
Prepaid expenses	(130,912)	(47,886)
Deposits	(9,802)	8,358
Accounts payable and accrued liabilities	(986,938)	(297,565)
Deferred revenue	211,477	(11,707)
	340	(3,344,203)
Financing activities:		
Increase (decrease) in bank indebtedness	(731,455)	550,000
Loans from related parties	2,037,826	1,235,322
Issuance of capital stock	–	104,252
	1,306,371	1,889,574
Investing activities:		
Purchase of property and equipment	(705,681)	(46,188)
Proceeds from maturity of term deposits	45,000	45,000
Investment in term deposits	(45,000)	(45,000)
	(705,681)	(46,188)
Increase (decrease) in cash and cash equivalents	601,030	(1,500,817)
Cash and cash equivalents, beginning of year	274,848	1,775,665
Cash and cash equivalents, end of year	$ 875,878	$ 274,848
Supplemental cash flow information:		
Interest paid on bank indebtedness	$ 308,546	$ 195,451
Income taxes paid	–	168

See accompanying notes to consolidated financial statements.

Nature of operations:

The operations of Brainhunter Systems Ltd. (the "Company") primarily consists of staffing and consulting services in the information technology and engineering sectors. The Company was incorporated on October 2, 2009 under the Ontario Business Corporations Act.

Pursuant to a share purchase agreement dated September 17, 2014, Quess Corp Limited ("Quess" or the "Parent"), acquired 7,000,100 common shares of Zylog Systems (Canada) Ltd., representing all the issued and outstanding shares. Subsequent to the acquisition described above, the Company changed its legal name to Brainhunter Systems Ltd.

1. Going concern:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. However, a material uncertainty exists that may cast significant doubt about the appropriateness of the use of the going concern assumption because the Company experienced losses in the years ended March 31, 2017 and 2016, and had a shareholders' deficiency as at March 31, 2017.

The ability of the Company to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon the continued support from its Parent and on its ability to restore and maintain profitable operations in the future.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the balance sheet classifications used to reflect these on a liquidation basis which could differ from accounting principles applicable to a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), and are presented in Canadian dollars, which is the Company's functional currency. The consolidated financial statements include all the accounts of the Company and its wholly owned subsidiaries, Mindwire Systems Ltd. and Brainhunter Companies LLC. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Property and equipment:

Property and equipment are recorded at cost. Amortization is provided annually on a straight-line basis over their estimated useful lives using the following annual rates:

Computer equipment	30%
Office furniture and fixtures	20%
Computer software	100%
Leasehold improvements	Term of lease

(c) Revenue recognition:

Revenue is generated from information technology and engineering staffing and consulting services.

Revenue from staffing services includes temporary and permanent placement fees. Revenue from temporary placement fees are recognized once the services have been rendered, collection is reasonably assured, and all significant obligations have been fulfilled. Revenue from permanent placement fees are based on a percentage of annual salaries and are recognized once the employees have been placed, collection is reasonably assured, and all significant obligations have been fulfilled.

2. Significant accounting policies (continued):

The Company enters into contracts with customers to complete software consulting projects. Customer billings are prepared monthly based on hours worked and agreed rates, at which time revenue is recognized. To a significantly lesser degree, certain other contracts are fixed price, for which revenue is recorded monthly using the percentage-of-completion basis, whereby revenue is recorded at the estimated net realizable value of the work completed to date.

The Company earns revenue from software licenses for in-house developed software that is deferred and recognized over the term of the license. Software customization revenue is recognized in the year the customization is completed.

(d) Deferred financing costs:

Financing costs relating to the long-term debt and bank indebtedness are deferred and amortized using the effective interest method over the expected term of the corresponding loans. As the loans are repaid, the corresponding financial costs are charged to net income. Deferred financing costs are presented under bank indebtedness and long-term debt in the consolidated balance sheet and the related amortization under financing costs in the consolidated statement of operations and deficit.

(e) Income taxes:

The Company accounts for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined by reference to the temporary differences between carrying values and the tax basis of assets and liabilities. The future income tax assets or liabilities are measured using the income tax rates and laws that are anticipated to apply when these differences are expected to be recovered or settled. Future income tax assets are recognized to the extent that realization of such benefits are considered more likely than not. The effect on future income tax assets and liabilities of a change in income tax rates is recognized into net income in the year that includes the enactment date.

2. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(i) Allowance for doubtful accounts:

The Company makes a provision to allow for potentially uncollectible amounts owed from customers. The allowance is reviewed by management periodically based on an analysis of the age of the outstanding accounts receivable. At March 31, 2017, an allowance of $77,123 (2016 - $57,630) has been included in the consolidated balance sheet.

(ii) Accrued liabilities:

Accrued liabilities, including those pertaining to commissions, bonuses and professional fees are established by management based on their best estimate of the actual obligation. Management believes that the estimates used in establishing these accrued liabilities are accurate.

(iii) Impairment of assets:

Property and equipment, goodwill and intangible assets are tested for impairment for each business unit should an event or circumstance indicate that their fair value has fallen below their carrying value. Should any negative variances occur in the comparison, an impairment representing the excess is made to the goodwill and then to intangible assets.

(iv) Income taxes:

The Company estimates its Canadian federal income taxes based on interpretation of tax rules and regulations. The Company is also subject to audits from the Canada Revenue Agency and the outcome of such audits may differ from original estimates. Management believes that a sufficient amount has been accrued for income taxes.

2. Significant accounting policies (continued):

(g) Foreign currency translation:

Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the consolidated balance sheet date. Property and equipment and related amortization are translated at rates prevailing at the dates of acquisition. Revenue and expenses, other than amortization, are translated at the average rate of exchange in effect during the month that the transaction occurred. All exchange gains and losses are recognized in the current year's net income.

(h) Intangible assets and goodwill:

The Company classifies intangible assets, obtained through acquisitions or developed internally, as definite-lived and indefinite-lived intangible assets, as well as goodwill. Definite-lived intangibles are amortized on a straight-line basis over the asset's useful life while indefinite-lived intangibles and goodwill are not amortized but are tested for impairment annually, or more frequently, if events or circumstances indicate that they might be impaired. The impairment test consists of allocating indefinite-lived intangibles and goodwill to reporting units and then comparing the book value of the reporting units, including indefinite-lived intangibles and goodwill, to their fair values. The Company determines fair value by using discounted future cash flows for reporting units. The excess of carrying value over fair value, if any, is recorded as an impairment charge to the consolidated statement of operations and deficit in the year in which the impairment is determined. Subsequent reversals of impairment are prohibited.

(i) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months from the date of acquisition.

2. Significant accounting policies (continued):

(j) Related party transactions:

Monetary-related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

3. Cash and cash equivalents:

	2017	2016
Cash	$ 830,878	$ 229,848
Term deposits, bearing interest at 0.45% per annum	45,000	45,000
	$ 875,878	$ 274,848

At year end, the carrying value of cash and cash equivalents approximated fair market value due to the short-term nature of the investments.

4. Property and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 1,082,346	$ 1,019,753	$ 62,593	$ 80,496
Office furniture and fixtures	408,184	305,928	102,256	10,798
Computer software	204,587	164,709	39,878	–
Leasehold improvements	716,468	298,332	418,136	37,929
	$ 2,411,585	$ 1,788,722	$ 622,863	$ 129,223

The amortization of property and equipment totaled $212,041 in 2017 (2016 - $125,266).

5. Bank indebtedness:

	2017	2016
ICICI Bank of Canada working capital credit facility, bearing interest at the Canadian Dealer Offered Rate ("CDOR") plus 2.25% (2016 - 2.25%)	$ 6,715,672	$ 6,724,793
ICICI Bank of Canada term loan, bearing interest at CDOR plus 2.5% (2016 - 2.5%)	3,334,000	4,022,983
	10,049,672	10,747,776
Less current portion	8,047,672	7,413,776
	$ 2,002,000	$ 3,334,000

On October 15, 2015, the Company completed the refinancing of its prior credit facility with ICICI Bank of Canada and signed an amendment to its working capital credit facility agreement. The outstanding bank indebtedness was refinanced to include the following two facilities: (a) a $4,000,000 term loan facility and (b) a $6,700,000 working capital facility. Interest on the term loan facility was payable quarterly at a rate of 2.50% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. Quarterly principal repayments on the term loan facility of $333,000 commenced on December 1, 2016. Interest on the working capital facility was payable monthly at a rate of 2.25% plus CDOR per annum, increasing by 0.25% per annum commencing six months from the date of the refinancing and, thereafter, at the beginning of each subsequent three-month period. The working capital facility must be repaid 12 months after the date of the refinancing unless extended by ICICI Bank of Canada.

On November 10, 2016 the Company amended its existing facility with ICICI Bank of Canada. As part of the amendment, the term for the working capital facility was extended to January 31, 2017. Under the amendment, interest on the working capital facility is payable monthly at a rate of 2.25% plus CDOR per annum and interest on the term loan is payable quarterly at a rate of 2.5% plus CDOR per annum.

The facilities under the amended agreement are subject to certain financial covenants which will are not required to be tested until March 31, 2018. Both facilities are guaranteed by Quess.

During the year ended March 31, 2017, the Company recognized $341,897 (2016 - $398,084) in interest expense on the facilities.

6. Accounts payable and accrued liabilities:

	2017	2016
Trade and accrued liabilities	$ 3,646,304	$ 7,068,296
Salaries and commissions payable	3,417,972	982,918
	$ 7,064,276	$ 8,051,214

Included in accounts payable and accrued liabilities as at March 31, 2017 are government remittances payable of $104,429 (2016 - $168,972) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

7. Due to (from) related parties:

The following balances are due on demand:

	2017	2016
Fairfax Financial Holdings Ltd., bearing interest at 3.0% per annum (2016 - nil)	$ 1,022,591	$ 1,000,000
Quess Corp (US) Inc., bearing interest at 2.42% per annum (2016 - nil)	2,452,027	671,905
MFX, bearing interest at nil per annum (2016 - nil)	597,742	–
Quess Corp - India	(52,000)	247,712
Other	(5,971)	–
Magna Infotech Ltd., bearing interest at nil per annum (2016 - nil)	–	(1,752)
	$ 4,014,389	$ 1,917,865

The balances payable to FairFax Financial Holdings Ltd. of $1,022,591 (2016 - $1,000,000), MFX of $597,742 (2016 - nil) and Quess Corp (US) Inc. of $2,452,027 (2016 - $671,905) represent funds received to support the Company’s operating activities. The amounts receivable from Quess Corp - India in the amount of ($52,000) (2016 - payable $247,712), represent funds transferred to related parties. All of the related party balances are recorded at their carrying amounts.

During the year ended March 31, 2017, the Company recognized $58,698 (2016 - nil) in interest expense on the amounts due (from) related parties.

8. Future income taxes:

	2017	2016
Future income tax assets (liabilities):		
Non-capital losses	$ 2,711,410	$ 2,363,185
Property and equipment	(38,684)	6,749
Deferred lease allowance	55,454	–
Other temporary differences	41,258	65,584
	2,769,438	2,435,518
Less valuation allowance	2,769,438	2,435,518
Net future income tax asset	$ –	$ –

For the years ended March 31, 2017 and 2016, the future realization of income tax assets did not meet the test of being more likely than not to occur, so no net asset was recognized. As at March 31, 2017, the Company has non-capital losses in Canada and the U.S. which can be used to reduce taxable income of future years and expire as follows:

Canada:

2034	$ 2,199,936
2035	489,173
2036	2,642,515
2037	1,526,579
	$ 6,858,203

United States:

2033	$ 81,349
2034	337,349
2035	791,679
2036	767,795
2037	575,861
	$ 2,554,033

9. Income taxes:

The Company pays income taxes at a statutory rate of 26.5% (2016 - 26.5%). The difference between the Company's reported income tax expense on operating income and the expense that would otherwise result with the application of the applicable rate is as follows:

	2017	2016
Loss before income taxes	$ (500,644)	$ (1,999,105)
Expected provision for income taxes	$ (132,031)	$ (529,763)
Increase (decrease) in income taxes resulting from:		
Permanent differences	12,113	14,761
Change in valuation allowance	333,920	573,474
Book-to-return	(172,580)	–
Tax rate differential in foreign subsidiary	(48,948)	(65,672)
Other	7,526	7,200
	$ –	$ –

10. Capital stock:

	2017	2016
Authorized:		
Unlimited common shares		
Issued:		
14,300,100 common shares (2016 - 14,300,100)	$ 4,514,502	$ 4,514,502

On April 15, 2015, the Company issued 7,300,000 common shares to Magna Infotech Inc., an associated corporation, at the aggregate subscription price of $104,252.

11. Revenue:

The main sources of revenue for the Company are as follows:

	2017	2016
Staffing services	$ 68,487,622	$ 72,365,431
Professional services	–	2,357,041
	$ 68,487,622	$ 74,722,472

12. Commitments:

The Company has entered into leases for office space. As at March 31, 2017, the Company has contractual obligations for basic rent payments as follows:

2018	$ 939,723
2019-2022	1,449,795
2023 & thereafter	883,370
	$ 3,272,888

13. Financial risks and concentration of risk:

Financial instruments are initially recorded at fair value. Financial instruments that are short-term investments are written down when their carrying amounts exceed their quoted market values. All other financial instrument assets are written down when their carrying amounts exceed their estimated market values and this condition is expected to be other than temporary.

The Company's financial instruments recognized in the consolidated balance sheet consist of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities and bank indebtedness. The fair values of cash and cash equivalents, accounts receivable, due to related parties, accounts payable and accrued liabilities approximate their recorded amounts due to the short-term receipt or payment of cash or determinable cash flow streams. The carrying value of the bank indebtedness approximates fair value because the interest rates approximate market rates.

13. Financial risks and concentration of risk (continued):

(a) Credit risk:

The Company grants credit to its customers in the normal course of business. The consolidated financial statements take into account an allowance for bad debts. The Company is exposed to credit risk from their customers but the concentration of the risk is minimized because of the large customer base. There has been no change to the risk exposure from fiscal 2016.

(b) Interest rate risk:

The Company is financed through bank debt which bears interest at rates tied to the Canadian bankers' acceptance rates. Consequently, the Company is exposed to the risk of increases in the bankers' acceptance rates. There has been no change to the risk exposure from fiscal 2016.

(c) Foreign exchange risk:

The Company carries out some transactions in U.S. dollars and, as such, is exposed to fluctuations in exchange rates. Approximately 2% of the Company's sales and purchases are in U.S. dollars (2016 - 2%). The Company has not entered into derivative instruments to mitigate these risks. During the year ended March 31, 2017, the Company recorded a foreign exchange loss of $33,929 (foreign exchange gain in 2016 - $29,903). There has been no change to the risk exposure from fiscal 2016.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk mainly with respect to its bank indebtedness. Refer to note 1 on the going concern assessment. There has been no change to the risk exposure from fiscal 2016.

14. Contingencies:

On December 13, 2016, the Company received a Notice of Assessment from the Ontario Ministry of Finance regarding an employer health tax ("EHT") audit related to calendar years 2012 to 2015. The amount in the Notice of Assessment is approximately $576,000. In the opinion of management, this assessment is without substantial merit and the Company is in the process of filing a notice of objection related to the assessment. The Company has not made any payments and no provision has been recorded as at March 31, 2017. Following the issuance of the Notice of Assessment, the Ontario Ministry of Finance has placed liens on various assets owned by the Company in the amount of $581,923.

On November 10, 2016, the Company received a Notice of Assessment from the Canada Revenue Agency ("CRA") regarding its disagreement with amounts deducted by the Company within its October 22, 2014 income tax return of one of its subsidiaries. The Notice of Assessment, which includes imposed penalties, is for approximately $372,000. In the opinion of management, this assessment is without substantial merit and the Company has filed a notice of objection in relation to the assessment. No provision has been recorded as at March 31, 2017. As required by the CRA upon filing the notice of objection, the Company has made certain prepayments to the CRA of $126,200 which has been recorded in prepaid expenses at March 31, 2017.

COMTEL SOLUTIONS PTE LTD

Co. Reg. No.: 199801439D

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Joe Tan & Associates PAC
Chartered Accountants

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Incorporated with Limited Liability Regn No. 200801266N

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors are pleased to present their statement to the members together with the audited financial statements of Comtel Solutions Pte Ltd (the "Company") for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTOR

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

Gopal Vasudev
Subrata Kumar Nag – appointed on 14.02.2017
Ajit Abraham Isaac – appointed on 14.02.2017

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial period was a company a party to any arrangement of which the object was to enable the directors of the Company to acquire benefits through the acquisition of share in, or debentures of, the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the company holding office at the end of the financial year had no interest of the share capital or debentures of the company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Cap. 50, except as follows:

Name of director and companies In which interest are held	Shareholdings in the name of director	
	As at 01.04.2016	As at 31.03.2017
	(No. of ordinary shares)	
The Company		
Gopal Vasudev	500,000	180,000
Subrata Kumar Nag	-	-
Ajit Abraham Isaac	-	-

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES – CONTINUED

Change in ownership
Pursuant to a share purchase agreement dated February 14, 2017, Quesscorp Holdings Pte. Ltd. (QHPL) acquired 320,000 (three hundred and twenty thousand) equity shares representing 64% (sixty four percent) of all the issued and outstanding equity shares of the Company from existing shareholder. Subsequent to the acquisition of shares, the Company became a subsidiary of QHPL.

5. SHARES OPTIONS

There were no options granted by the Company during the financial year.

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

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

6. AUDITORS

The auditors, **JOE TAN & ASSOCIATES PAC**, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as Auditors.

....
Gopal Vasudev
Director

Singapore

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

COMTEL SOLUTIONS PTE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comtel Solutions Pte Ltd (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company 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 Matter

The financial statements of the Company for the financial year ended 31 March 2016 were audited by another firm of auditors who expressed an unqualified opinion on those statements on 4 January 2017.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement [set out on pages 1 to 2].

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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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 FRSs, 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 abiity 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 director's 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 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 judgement 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.
- 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.

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- 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.

Joe Tan & Associates Pac

JOE TAN & ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore

26 APR 2017

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COMTEL SOLUTIONS PTE LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 S$	2016 S$
ASSETS			
Non-current assets:			
Plant and equipment	4	-	-
Total non-current assets		-	-
Current assets:			
Trade and other receivables	5	17,792,710	19,095,871
Cash and cash equivalents	6	7,681,267	3,008,275
Total current assets		25,473,977	22,104,146
TOTAL ASSETS		25,473,977	22,104,146
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables	7	7,728,638	4,189,946
Amount due to director	7	329,655	6,698,623
Amount due to related party	7	-	120,107
Income tax payables		1,570,432	783,241
Total current liabilities		9,628,725	11,791,917
Capital and reserves			
Share capital	8	500,000	500,000
Retained earnings		15,345,252	9,812,229
Total capital and reserves		15,845,252	10,312,229
TOTAL LIABILITIES AND EQUITY		25,473,977	22,104,146

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

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S$	2016 S$
Revenue	9	95,850,434	81,351,316
Cost of services		(83,610,807)	(71,874,894)
Gross Profit		12,239,627	9,476,422
Other operating income	10	282,935	205,300
Administrative expenses		(4,126,105)	(3,799,395)
Profit before income tax	13	8,396,457	5,882,327
Income tax expense	14	(1,393,434)	(916,243)
Profit for the year, representing total comprehensive income for the year		7,003,023	4,966,084

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

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital S$	Retained earnings S$	Total S$
Balance at 1 April 2016		500,000	9,812,229	10,312,229
Profit for the year, representing total comprehensive income for the year		-	7,003,023	7,003,023
Dividend	15	-	(1,470,000)	(1,470,000)
Balance at 31 March 2017		500,000	15,345,252	15,845,252
Balance at 1 April 2015		200,000	10,038,145	10,238,145
Profit for the year, representing total comprehensive income for the year		300,000	4,966,084	5,266,084
Dividend	15	-	(5,192,000)	(5,192,000)
Balance at 31 March 2016		500,000	9,812,229	10,312,229

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

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S$	2016 S$
Cash flow from operating activities			
Profit after income tax		7,003,023	4,966,084
Adjustments for:			
Depreciation of plant and equipment		11,534	11,412
Income tax expense		1,393,434	916,243
Operating profit before working capital changes		8,407,991	5,893,739
Changes in operating assets and liabilities:			
Decrease / (Increase) in trade and other receivables		1,303,161	(3,562,016)
Increase / (Decrease) in trade and other payables		3,538,692	(216,667)
Cash generated from from operations		13,249,844	2,115,056
Income tax paid		(738,076)	(714,335)
Income tax refund		131,833	254,132
Net cash generated from from operating acivities		12,643,601	1,654,853
Cash flow from investing activity			
Purchase of plant and equipment		(11,534)	(11,412)
Net cash used in investing activity		(11,534)	(11,412)
Cash flow from financing activity			
Issuance of Shares		-	300,000
Amount due to director		(6,368,968)	4,045,850
Amount due to related party		(120,107)	-
Dividend paid		(1,470,000)	(5,192,000)
Net cash used in financing activity		(7,959,075)	(846,150)
Net increase in cash and cash equivalents		4,672,992	797,291
Cash and cash equivalents at the beginning of year		3,008,275	2,210,984
Cash and cash equivalents at the end of year	6	7,681,267	3,008,275

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

1. GENERAL

The Company is a private limited company which is incorporated and domiciled in the Republic of Singapore.

The address of the Company's registered office and principal place of business of the Company is 10 Hoe Chiang Road #15-02, Keppel Towers, Singapore 089315.

The principal activities of the Company are those of providing consultancy services. There are no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue to the shareholders by the board of directors on 26 APR 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared in accordance with the provision of Singapore Companies Act, Cap.50 and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any material effect on the financial statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FRS NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued in 2016 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective for annual periods beginning on or after
FRS 115	Revenue from Contractors with Customers	1 Jan 2018
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109	Financial Instruments	1 Jan 2018
Amendments to FRS 7	Disclosure Initiative	1 Jan 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115	Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
Amendments to FRS 34	*Interim Financial Reporting*	1 Jan 2018
FRS 116	Leases	1 Jan 2019
Amendments to FRS 102	Classification and Measurement of Share-Based Payment Transactions	1 Jan 2018

Except for FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FINANCIAL INSTRUMENTS

a) Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and on hand.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 has been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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 fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b) Financial liabilities

Subsequent measurement

Financial liabilities at amortised cost
After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

PLANT AND EQUIPMENT
All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

		Useful lives
Office equipment	-	3 years
Computer	-	1 year

Fully depreciated assets are retained in the business until they are no longer in use. Newly acquired assets below S$5,000, or a total of S$5,000 are amortised in one year.

The carrying value of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, 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 costs to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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.

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

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes that asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

IMPAIRMENT OF FINANCIAL ASSETS – CONTINUED

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

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

PROVISION

General

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

EMPLOYEE BENEFITS

a) Defined contribution plans

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.

b) 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

c) 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 are considered key management personnel.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

Rendering of services

Revenue from services are recognised when consultancy services are rendered and accepted by the customers.

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.

TAXES

a) 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.

b) Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

b) Deferred tax – continued

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 at the end of each 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.

c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

RELATED PARTIES

A related party is defined as follows:

a) A person or a close member of that person's family is related to the 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 Company or of a parent of the Company.

b) An entity is related to the Company if any of the followings conditions apply:
   (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 jointly venture of the other entity (or an associate or joint ventures of an member of a group of which the other entity is a member).
   (iii) Both entities are joint venture of the same third party.
   (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

RELATED PARTIES – CONTINUED

b) An entity is related to the Company if any of the followings conditions apply – continued :
   (v) The entity is a post-employment benefits 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).

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 deduct against share capital.

DIVIDENDS

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting when these dividends have been approved by the shareholders and declared, they are recognised as liability.

Interim dividends are simultaneously proposed and declared because the articles of association of the Company grant the directors the authority to declare interim dividends consequently interim dividends are recognised as a liability when they are proposed and declared.

OPERATING LEASES

Lessee

Rental payables under operating leases (net of any incentives received from lessors) are charged to profit and loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgement made in applying accounting policies

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

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

3.2 Key sources of estimation uncertainty

(a) Impairment of loans and receivables

The impairment of trade and other receivables and loan to the holding company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Company's trade and other receivables as at 31 March 2017 were S$17,792,710 (2016: S$19,095,871).

4. PLANT AND EQUIPMENT

	Office Equipment S$	Computers and Softwares S$	Total S$
Cost:			
As at 01.04.2015	888	97,055	97,943
Additions	-	11,412	11,412
As at 31.03.2016	888	108,467	109,355
Additions	-	11,534	11,534
As at 31.03.2017	888	120,001	120,889
Accumulated depreciation:			
As at 01.04.2015	888	97,055	97,943
Depreciation	-	11,412	11,412
As at 31.03.2016	888	108,467	109,355
Depreciation	-	11,534	11,534
As at 31.03.2017	888	120,001	120,889
Net carrying value:			
As at 31.03.2017	-	-	-
As at 31.03.2016	-	-	-

5. TRADE AND OTHER RECEIVABLES

	2017 S$	2016 S$
Trade receivables		
- third party	16,731,657	18,987,440
Deposits	76,959	87,516
Prepayment	90,406	-
Banker's guarantee	11,220	20,915
Unbilled revenue	423,819	-
Advances to employees	271,289	-
Due from related parties	112,913	-
MOM – Temporary employment credit	74,447	-
	17,792,710	19,095,871

Trade receivables are unsecured, non-interest bearing and are generally settled on 30 to 90 (2016: 30 to 90) days term.

The amounts advance to employees and due from related party are non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

5. TRADE AND OTHER RECEIVABLES – CONTINUED

There is no other class of financial assets that is past due except for trade receivables.

Receivables that are past due but not impaired

The Company had trade receivables amounting to S$16,731,657 (2016: S$18,987,440) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2017 S$	2016 S$
Trade receivables past due but not impaired:		
Lesser than 30 days	8,087,971	8,045,389
30 – 60 days	4,641,904	5,960,315
More than 60 days	4,001,782	4,981,736
	16,731,657	18,987,440

The carrying amounts of trade and other receivables approximate its fair value.

Trade and other receivables are denominated in Singapore dollar.

6. CASH AND CASH EQUIVALENTS

	2017 S$	2016 S$
Cash in hand	368	810
Cash at bank	7,680,899	3,007,465
	7,681,267	3,008,275

The cash and cash equivalents are denominated in Singapore dollar.

7. TRADE AND OTHER PAYABLES

	2017 S$	2016 S$
Trade payables - Third parties		
Sub-Contractor payables	406,785	-
Other payables	4,678,052	3,147,066
GST payables	2,068,293	1,025,130
Deferred revenue	539,223	-
Accruals	36,285	17,750
	7,728,638	4,189,946
Amount due to director	329,655	6,698,623
Amount due to related party	-	120,107
	8,058,293	11,008,676

7. TRADE AND OTHER PAYABLES – CONTINUED

Trade payables are non-interest bearing and are generally settled on 30 to 90 (2016: 30 to 90) days' term.

Other payables and accruals are non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The amount due to director is unsecured, non-trade in nature, interest-free and repayable on demand.

The amount due to related party is unsecured, non-trade in nature, interest-free and repayable on demand.

The carrying amount of trade and other payables approximate their fair values.

Trade and other payables are denominated in Singapore dollar.

8. SHARE CAPITAL

	2017 S$	2016 S$
Issued and fully paid, without par value:		
500,000 (2016: 500,000) ordinary shares	500,000	500,000

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

Change in ownership
Pursuant to a share purchase agreement dated February 14, 2017, Quesscorp Holdings Pte. Ltd. (QHPL) acquired 320,000 (three hundred and twenty thousand) equity shares representing 64% (sixty four percent) of all the issued and outstanding equity shares of the Company from existing shareholder. Subsequent to the acquisition of shares, the Company became a subsidiary of QHPL.

9. REVENUE

	2017 S$	2016 S$
Service Rendered	95,850,434	81,351,316

10. OTHER OPERATING INCOME

	2017 S$	2016 S$
Government grants	282,635	205,300
Other income	300	-
	282,935	205,300

11. EMPLOYEE BENEFITS

	2017 S$	2016 S$
Director's remuneration & allowance	533,602	521,800
Staff costs:		
- Salaries and bonuses	2,485,173	2,667,195
- Staff amenities	5,108	27,587
- CPF contribution	78,484	78,528
	3,702,367	3,295,110

12. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2017 S$	2016 S$
Director's remuneration & allowance	533,602	521,800

Key management personnel are those persons having the authority and responsibilities for planning, directing and controlling the activities of the Company.

13. PROFIT BEFORE INCOME TAX

	2017 S$	2016 S$
Profit before taxation has been arrived at after charging:		
Depreciation on plant and equipment	11,534	11,412
Director's remuneration & allowance	533,602	521,800
Rental expenses	240,190	166,799

14. INCOME TAX EXPENSE

The tax expense is determined on a basis of tax effect accounting, using the liability method and it is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

	2017 S$	2016 S$
Current tax	1,393,434	783,241

14. INCOME TAX EXPENSE

a) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate on profit before income tax as a result of the following differences:

	2017 S$	2016 S$
Profit before income tax	8,396,457	5,882,327
Tax at the statutory tax rate at 17% (2016: 17%)	1,427,398	1,018,356
Tax effect on non-deductible expenses	1,961	27,545
Capital allowances	-	(83,733)
Statutory stepped income exemption	(25,925)	(25,925)
Corporate tax rebate	(10,000)	(20,000)
	1,393,434	916,243

b) Movement in current tax liabilities is as follow:

	2017 $	2016 $
Balance at beginning of the year	783,241	327,201
Tax refund	131,833	254,132
Tax paid during the year	(738,076)	(714,335)
Prior year over provision	-	-
Recognised in statement of comprehensive income	1,393,434	916,243
Balance at end of year	1,570,432	783,241

The deferred taxation relates tax on the excess of net carrying amount over the tax written down amount of the property, plant and equipment.

15. DIVIDEND

	2017 S$	2016 S$
During the financial year, the following dividends were paid:		
Interim tax exempt (one-tier) dividend of S$2.94 (2016: S$10.38) per share on the issued and paid up ordinary shares in respect of the current financial year	1,470,000	5,192,000

16. OPERATING LEASE COMMITMENTS

The Company has operating lease agreements for its office. The lease has remaining lease term of 11 months (2016: 1 year 11 months).

Operating lease payments recognised in profit or loss during the year amounted to S$240,190 (2016: S$166,799).

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2017 S$	2016 S$
Not more than one year	208,848	227,832
Later than one year and not more than 5 years	-	170,874
	208,848	398,706

17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

The Board of Directors reviews and agrees 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 Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company'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 Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(a) Credit risk – continued

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.

Exposure to credit risk

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.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

The company has no financial assets that are either past due or impaired.

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(b) Liquidity risk – continued

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

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2017			
Financial Assets			
Cash and cash equivalents	7,681,267	7,681,267	7,681,267
Trade and other receivables	17,318,102	17,318,102	17,318,102
Advance to employees	271,289	271,289	271,289
Due from related parties	112,913	112,913	112,913
	25,383,571	25,383,571	25,383,571
Financial Liabilities			
Other payables	4,678,052	4,678,052	4,678,052
Accrued expenses	36,286	36,286	36,286
Sub-Contractor payables	406,785	406,785	406,785
Amount due to director	329,655	329,655	329,655
	5,450,778	5,450,778	5,450,778
Total net undiscounted financial assets	19,932,793	19,932,793	19,932,793

	Carrying amount S$	Contractual Cash flows S$	One year or less S$
2016			
Financial Assets			
Cash and cash equivalents	3,008,275	3,008,275	3,008,275
Trade and other receivables	19,095,871	19,095,871	19,095,871
	22,104,146	22,104,146	22,104,146
Financial Liabilities			
Trade and other payables	4,189,946	4,189,946	4,189,946
Amount due to director	6,698,623	6,698,623	6,698,623
Amount due to related party	120,107	120,107	120,107
	11,008,676	11,008,676	11,008,676
Total net undiscounted financial assets	11,095,470	11,095,470	11,095,470

17. FINANCIAL RISK MANAGEMENT – CONTINUED

Financial risk management objectives and policies – continued

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company'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.

(i) Interest rate risk

The Company is not exposed to interest rate risk as it has no borrowing from outside sources.

(ii) Foreign currency risk

The Company is not exposed to foreign currency risk as it has no transactions denominated in foreign currencies.

18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2017 and 31 March 2016.

18. CAPITAL MANAGEMENT – CONTINUED

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2016.

19. FAIR VALUE OF ASSETS AND LIABILITIES

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 that 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.

19. FAIR VALUE OF ASSETS AND LIABILITIES – CONTINUED

Fair values
The fair value of financial instruments is the amount which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transactions.

The followings methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables
The carrying amounts of these balances approximate their fair value due to the short-term nature of these balances.

Trade receivables
The carrying amounts of these trade receivables approximate their fair values as they are subject to normal trade credit terms.

20. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2017 S$	2016 S$
Loans and receivables		
Trade and other receivables (Note 5)	17,702,304	19,095,871
Cash and cash equivalents (Note 6)	7,681,267	3,008,275
Total loans and receivables	25,383,571	22,104,146
Financial liabilities measured at amortised cost		
Trade and other payables (Note 7)	7,189,416	4,189,946
Amount due to director	329,655	6,698,623
Amount due to related party	-	120,107
	7,519,071	11,008,676

COMTEL SOLUTIONS PTE LTD
Co. Reg. No.: 199801439D

THE ACCOMPANYING SUPPLEMENTARY DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Appendix A

	2017 S$	2016 S$
Revenue		
Consultancy income	95,850,434	81,351,316
	95,850,434	81,351,316
Less : Cost of sales		
Consultants salary	78,027,965	68,330,742
CPF contribution	2,326,141	1,849,550
FWL & SDL	403,809	295,251
Medical insurance	183,853	183,259
Recruitment expenses	300,558	288,221
Sub-Contractor	2,322,706	-
Travelling expenses - Consultants	16,025	-
Staff amenities - Consultants	29,750	927,871
	83,610,807	71,874,894
Gross profit	12,239,627	9,476,422
Other operating income		
Government grant	282,635	205,300
Other income	300	-
	282,935	205,300
	12,522,562	9,681,722
Less:		
Administrative expenses **(Appendix B)**	(4,126,105)	(3,799,395)
Profit for the year	8,396,457	5,882,327

COMTEL SOLUTIONS PTE LTD
(Co. Reg. No.: 199801439D)

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Appendix B

	2017 S$	2016 S$
Administrative expenses		
Accounting fee	-	5,000
Advertisement charges	3,000	19,355
Audit fee	15,000	12,000
Audit & accounting prior years	-	4,385
Cleaning charges	11,634	14,628
Bank charges	10,414	7,789
Corporate entertainment/gift to customers	32,059	71,489
Depreciation	11,534	11,412
Legal & Professional fees	572,960	-
Licenses	3,918	-
Miscellaneous expenses	9,630	-
Office supplies	29,955	23,762
Postage & Delivery	9,226	-
Refreshment expenses	3,893	31,067
Rental expenses	240,190	166,799
Rental of copier	3,740	3,674
Repair and maintenance	6,340	41,735
Subscription	18,975	300
Tax fee	-	750
Telephone expenses	17,906	32,461
Travelling expenses - Internal	11,623	37,256
Transport expenses	329	8,211
Training expenses	6,955	5,948
Utilities	4,457	6,264
Salaries and related costs		
Director remuneration & allowance	533,602	521,800
Staff salaries and bonuses	2,485,173	2,667,195
CPF contribution	78,484	78,528
Staff amenities - Internal	5,108	27,587
	4,126,105	3,799,395

Consolidated Financial Statements

MFXCHANGE HOLDINGS, INC.

For the years ended March 31, 2017 and 2016

MFXCHANGE HOLDINGS, INC.
FINANCIAL STATEMENTS

INDEX

LIGGETT
& WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors Report

Board of Directors
MFXchange Holdings, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated balance sheets of MFXchange Holdings, Inc. ("the Company") as of March 31, 2017 and 2016, and the related consolidated statements of operations, stockholder's deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements. .

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MFXchange Holdings, Inc. as of March 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Liggett & Webb P.A.

New York, New York
May 12, 2017

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2017, AND 2016
(See Independent Auditors' Report)

ASSETS	2017	2016
Current assets:		
Cash and cash equivalents	$ 3,421,428	$ 2,337,775
Accounts receivable, net	989,938	1,067,794
Unbilled revenue	1,375,140	892,694
Prepaid expenses	1,146,274	1,211,555
Total current assets	6,932,780	5,509,818
Property and equipment, net	3,692,792	3,801,000
Software costs, net	446,631	285,555
Other assets	732,362	266,977
Total assets	$ 11,804,565	$ 9,863,350
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 4,145,678	$ 4,074,000
Accrued expenses	5,754,467	5,247,650
Deferred revenue	776,978	746,949
Capital lease, current portion	2,015,085	1,694,095
Lines of credit	4,000,000	4,000,000
Total current liabilities	16,692,208	15,762,694
Capital lease, long term portion	3,062,896	2,788,434
Total liabilities	19,755,104	18,551,128
Commitments and Contingencies	-	-
Stockholders' deficit:		
outstanding	229,050	229,050
Additional paid in capital	37,026,233	37,026,233
Accumulated deficit	(45,205,822)	(45,943,061)
Total stockholders' deficit	(7,950,539)	(8,687,778)
Total liabilities and stockholders' deficit	$ 11,804,565	$ 9,863,350

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Revenue, net	$ 37,386,524	$ 35,012,928
Operating costs:		
Salaries and related benefits	12,834,068	12,029,629
Outside services	11,577,779	10,499,582
Hardware and software costs	6,780,480	7,586,492
Depreciation and amortization	1,991,274	3,183,977
General and administrative	1,716,507	2,031,796
Facility costs	1,330,162	1,331,443
Total operating expenses	36,230,270	36,662,919
Income (loss) from operations	1,156,254	(1,649,991)
Other income (expense):		
Financing expenses, net	(387,651)	(349,621)
Income (loss) before provision for income taxes	768,603	(1,999,612)
Income taxes	(31,364)	-
Net income (loss)	$ 737,239	$ (1,999,612)

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	Common Stock		Additional	Accumulated	Comprehensive	
	Shares	Amount	Paid in Capital	Deficit	Income (Loss)	Total
Balance, as of March 31, 2015	1,095	$ 229,050	$ 37,026,233	$ (43,943,449)	$ 115,566	$ (6,572,600)
Foreign currency transaction loss realized	-	-	-	-	(115,566)	(115,566)
Net loss for the year ended March 31, 2016	-	-	-	(1,999,612)	-	(1,999,612)
Balance, as of March 31, 2016	1,095	229,050	37,026,233	(45,943,061)	-	(8,687,778)
Net income for the year ended March 31, 2017				737,239		737,239
Ended, as of March 31, 2017	1,095	$ 229,050	$ 37,026,233	$ (45,205,822)	$ -	$ (7,950,539)

See the accompanying notes to the consolidated financial statements.

MFXCHANGE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 737,239	$ (1,999,612)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,991,274	3,183,977
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	77,856	569,578
Unbilled revenue	(482,446)	180,794
Prepaid expenses	679,960	(175,643)
Other asset	(465,385)	244,513
Increase (Decrease) in:		
Accounts payable	71,678	1,669,526
Accrued expenses	506,817	476,075
Deferred revenue	30,029	(592,904)
Other liabilities	-	(115,568)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,147,022	3,440,736
NET CASH FLOWS USED IN INVESTING ACTIVITIES:		
Payments for property and equipment	(67,200)	(125,853)
Payments for software costs	(24,225)	-
NET CASH USED IN INVESTING ACTIVITIES	(91,425)	(125,853)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of related party line of credit	-	(300,000)
Principal payments on notes payable and capital lease obligations	(1,971,944)	(1,305,172)
NET CASH USED IN FINANCING ACTIVITIES	(1,971,944)	(1,605,172)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,083,653	1,709,711
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,337,775	628,064
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,421,428	$ 2,337,775
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 353,113	$ 379,312
Income taxes paid	$ 31,364	$ 12,925
SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS		
Capital lease obligations on hardware, software and prepaid maintenance	$ 2,567,396	$ 2,086,568

See the accompanying notes to the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Business and organization

MFXchange Holdings, Inc., a Canadian corporation, was incorporated on December 17, 2001. The Company together with its subsidiaries (the "Company") provides customized datacenter and infrastructure services including private cloud offerings, across various industries. In addition, the Company provides end-to-end commercial technology applications and business process outsourcing solutions to the property and casualty insurance industry.

Basis of presentation

The consolidated financial statements include the Company and its wholly-owned subsidiaries, and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the periods presented. All inter-company balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include revenue recognition, the useful lives of property and equipment, unbilled revenue, allowance for doubtful accounts, valuation allowance for deferred tax assets, capitalized software, investments, long lived assets, deferred revenue, commitments and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company derives a significant amount of its revenues from recurring revenue streams, consisting primarily of (1) colocation, which includes the licensing of cabinet space and power; (2) interconnection offerings; (3) managed infrastructure services and (4) application management services. The remainder of the Company's revenues are from non-recurring revenue streams which primarily consists of professional services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The Company's customers generally execute contracts with terms of one year or longer, which are referred to as recurring revenue contracts or long-term contracts. These contracts generally commit the customer to a minimum monthly level of usage with additional charges applicable for actual usage above the monthly minimum commitment. The Company defines usage as customer data sent or received using its content delivery service, or content that is hosted or cached by the Company at the request or direction of its customer. The Company recognizes the monthly minimum as revenue each month provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable, and collection is reasonably assured. Should a customer's usage of the Company's services exceed the monthly minimum commitment, the Company recognizes revenue for such excess in the period of the usage. For annual or other non-monthly period revenue commitments, the Company recognizes revenue monthly based upon the customer's actual usage each month of the commitment period and only recognizes any remaining committed amount for the applicable period in the last month thereof.

Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with the accounting standard related to reporting revenue gross as a principal versus net as an agent, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for recognizing bandwidth and equipment services as gross revenue, the Company records the revenue on a net basis.

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended March 31, 2017 and 2016.

Deferred revenue consists of payments received in advance of revenue recognition and are recognized as the revenue recognition criteria are met. Amounts are recorded as deferred revenue and accounts receivable when the Company has a legal right to enforce the contract.

Cost of Revenue

Cost of revenues consists primarily of fees paid to network providers for bandwidth and backbone, costs incurred for non-settlement free peering and connection to Internet service provider networks and fees paid to data center operators for housing network equipment in third party network data centers, also known as co-location costs. Cost of revenues also includes leased warehouse space and utilities, depreciation of network equipment used to deliver the Company's content delivery services, payroll and related costs, and share-based compensation for its network operations, and professional services personnel.

The Company enters into contracts for bandwidth with third party network providers. These contracts generally commit the Company to pay minimum monthly fees plus additional fees for bandwidth usage above contracted minimums. A portion of the global computing platform traffic delivery is completed through direct connection to ISP networks, called peering.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts recorded on the balance sheet are in excess of amounts that are insured by the Federal Deposit Insurance Corporation ("FDIC").

Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers. Accounts receivable are recorded at invoiced amounts, net of the Company's estimated allowances for doubtful accounts. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, industry data, credit quality, and age of accounts receivable balances and current economic conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific purchaser's ability to meet their financial obligations, the Company records a specific allowance against amounts due from the customer and thereby reduces the net recognized receivable to the amount the Company reasonably believes will be collected. There is judgment involved with estimating the Company's allowance for doubtful accounts and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company writes-off accounts receivable against the allowance when it determines a balance is uncollectible and no longer actively pursues collection of the receivable. The Company's accounts receivable are not collateralized by any security. Based upon the review of the outstanding accounts receivable, the Company has not recorded any reserve for allowance for doubtful accounts as of March 31, 2017 and 2016.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Computer hardware	3 – 7 years
Software	3 years
Furniture and fixtures	5-7 years
Leasehold improvements	Shorter of the lease term or estimated useful life

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, accounts receivable, unbilled revenue, prepaid expenses, other assets, accounts payable, deferred revenue and accrued expenses, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's capital leases and other debt obligations are based on management estimates and reasonably approximates their book value.

Software Costs

In accordance with ASC 985-20, "*Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*," the Company capitalizes certain costs related to the development of new software products or the enhancement of existing software products for use in our product offerings. These costs are capitalized from the point in time that technological feasibility has been established, as evidenced by a working model or detailed working program design to the point in time that the product is available for general release to customers. Capitalized development and software purchased costs are amortized on a straight-line basis over the estimated economic lives of the products, beginning when the product is placed into service. The Company periodically evaluates whether events or circumstances have occurred that indicate that the remaining useful lives of the capitalized software development costs should be revised or that the remaining balance of such assets may not be recoverable.

Long-Lived Assets

The Company follows Accounting Standards Codification 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Investments

The Company holds an investment in a privately held company which has no readily determinable fair value. Since the Company does not have significant influence, the investment is accounted for using the cost method. The Company assesses its long-term investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. As of March 31, 2017 and 2016 the carrying value of this investment was $266,977 and included in other assets. During the years ended March 31, 2017 and 2016, the Company did not impair this long-term investment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The Company translates the foreign currency financial statements of its foreign subsidiaries in accordance with the requirements of ASC 830-10, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates, and related revenue and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' deficit. Foreign currency transaction gains and losses are included in the statement of operations.

Comprehensive Income (Loss)

The Company adopted ASC 220-10 "*Comprehensive Income*" ("ASC 220-10"), which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. ASC 220-10 requires other comprehensive income (loss) to include foreign currency translation adjustments and unrealized gains and losses on available for sale securities.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets and liabilities are classified as non-current.

Recent Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which is effective for public entities for annual reporting periods beginning after December 15, 2016. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on the consolidated financial statements and has not yet determined the method by which the Company will adopt the standard in 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern-Disclosures of Uncertainties about an entity's Ability to Continue as a Going Concern ("ASU 2014-15")* . ASU 2014-15 provides new guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards and to provide related footnote disclosures. This new guidance is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The requirements of ASU 2014-15 did not have a significant impact on the consolidated financial statements.

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2- SOFTWARE DEVELOPMENT COSTS

Capitalized software costs primarily include third-party software. As of March 31, 2017 and 2016, the carrying value of software costs was $446,631 and $285,555, respectively. During the year ended March 31, 2017, the company recorded amortization expense in the amount of $263,057. During the year ended March 31, 2016, the Company recorded an aggregate impairment charge and amortization expense related to certain software assets totaling $1,544,647.

NOTE 3 – PROPERTY AND EQUIPMENT

As of March 31, 2017, and 2016, property and equipment consisted of the following:

	2017	2016
Leasehold Improvements	$ 2,746,156	$ 2,746,156
Hardware Costs	7,959,726	6,339,717
Furniture and Equipment	161,548	381,330
Vehicles	-	53,709
Subtotal	10,867,430	9,520,912
Less, accumulated depreciation	(7,174,638)	(5,719,912)
Property and equipment, net	$ 3,692,792	$ 3,801,000

Depreciation expense was $1,728,217 and $1,639,330 for the years ended March 31, 2017 and 2016, respectively.

NOTE 4 – ACCRUED EXPENSES

As of March 31, 2017, and 2016, accrued expenses consist of the following:

	2017	2016
Restructuring costs	$ 422,337	$ 664,670
Salaries and benefits	2,479,516	2,270,087
Other accrued expenses	2,852,614	2,312,893
Total	$ 5,754,467	$ 5,247,650

NOTE 5 – LINE OF CREDIT, RELATED PARTY

On November 3, 2014, the Company entered into an Amended and Restated Revolving Line of Credit Agreement with Fairfax (US), Inc., a related party. The revolving credit facility contains a maximum borrowing limit of $5,000,000. Borrowings under the revolving credit facility bear interest at 3% interest per annum for the first year and 4% per annum for the second year. If the termination date is extended by the Fairfax (US), Inc. then the interest shall increase to 5% per annum for the fourth anniversary of the closing date to the extended termination date. Overdue interest shall bear interest at a rate that is 2% per annum in excess of the then applicable interest rate. The obligations under the Revolving Facility shall rank pari-passu with all other senior indebtedness of MFXchange US, Inc. As of March 31, 2017 and 2016, the balance outstanding under the revolving line of credit was $4,000,000.

NOTE 6 – CAPITAL LEASE OBLIGATONS

The Company has entered into several agreements to lease certain computer hardware and software that are classified as capital leases. As of March 31, 2017 and 2016, capital leases consist of the following:

	2017	2016
Capital lease obligations	$ 5,077,981	$ 4,482,529
Less, current portion of capital leases	(2,015,085)	(1,694,095)
Long-term portion of capital leases	$ 3,062,896	$ 2,788,434

Year Ending March 31:	
2018	$ 2,015,085
2019	1,595,772
2020	1,235,282
2021	231,842
Total	$ 5,077,981

NOTE 7 – STOCKHOLDER EQUITY

The Company has an unlimited number of authorized common shares. As of March 31, 2017 and 2016, the Company has 1,095 shares of common stock issued and outstanding.

NOTE 8 – OTHER RELATED PARTY TRANSACTIONS

The Company uses a related party vendor MFX Infotech Private Limited to provide infrastructure and database technology services. As of March 31, 2017 and 2016, $3,012,334 and $2,432,853 was outstanding as a payable to the vendor, respectively.

As of March 31, 2017 and 2016 the Company also had other related party balance as follows:

		2017		2016
Accounts receivable due from Quess Corp (USA)	$	82,979	$	6,968
Accounts payable due to Brainhunter Systems		(62,365)		-
Accrued expenses due to Brainhunter Systems		(52,563)		-
Advance to Brainhunter Systems		464,300		-
Liability accrued due to corporate cross charge costs		-		(155,250)
Due (to) from Related parties, net	$	432,351	$	(148,282)

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Concentrations

The Company had four customers who accounted for approximately 65% and 74% of the Company's revenues for the years ended March 31, 2017 and 2016, respectively. The Company had three and four customers that accounted for approximately 44% and 41% of total accounts receivable as of March 31, 2017 and 2016, respectively.

The Company utilized two and three major suppliers for outside services totaling approximately 59% and 50% of the Company total expenditures for outside services for the three months and year ended March 31, 2016, respectively. The Company's major supplier accounted for approximately 50% and 33% of total accounts payable and accrued expenses as of March 31, 2017 and 2016, respectively.

Restructuring Charges

The Company accounts for restructuring activities in accordance with ASC 420, *Exit or Disposal Cost Obligations*. Under the guidance for the cost of restructuring activities that do not constitute a discontinued operation, the liability for the current fair value of expected future costs associated with such restructuring activity shall be recognized in the period in which the liability is incurred. The Company segregates the costs of restructuring activities taken pursuant to a management approved restructuring plan.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

During December 2014, the Company's management initiated a restructuring plan to restore sustainable profitability and to improve its competitive position. Expenses related to this plan have resulted in a charge of $2,236,236 which primarily related to payroll severance expenses. The Company has a remaining reserve of $422,337 and $664,670 related to restructuring costs included in accrued expenses as of March 31, 2017 and 2016, respectively.

Operating leases

The Company leases certain of its properties under leases that expire on various dates through March 2021. In addition, the Company has entered into several agreements to lease office equipment and other software that are classified as operating leases that expire on various dates through year 2021. Rent expense incurred under the Company's operating leases amounted to $1,851,178 and $1,081,730 for the years ended March 31, 2017 and 2016, respectively.

The future minimum obligations under leases with non-cancelable terms in excess of one year is as follows:

2018	$	930,729
2019		700,105
2020		658,055
2021		648,618
2022		49,770
and thereafter	$	2,987,277
Total		

Share Purchase Agreement

On November 3, 2014, Fairfax Financial Holdings, Limited ("Fairfax"), the Company/s parent, entered into a Share Purchase Agreement ("SPA") to sell one hundred percent (100%) of the Company's common stock to an affiliate of Fairfax. In accordance with the SPA, Fairfax sold forty nine percent (49%) of the Company's equity as of the first closing date of November 3, 2014. The remaining fifty one percent (51%) of the Company's common stock was sold as of December 31, 2015. The purchase price for the one hundred percent (100%) interest will be paid based upon a defined earn out payments plus nominal upfront consideration. The earn out payments are based upon the Company's net income during a five year earn out period beginning January 1, 2016.

In accordance with the SPA, the buyer may, at its sole discretion, elect to pay up to eighty percent (80%) of the earn out payments in the form of the Company's Preferred Shares with the remaining portion paid in cash. Until the buyer satisfies the final earn out payment, the Company shall not make any amendment to the charter documents of the MFX Group or any other transaction that would require the approval of the Company Preferred Shares as a class (as if Company Preferred Shares were outstanding at the time of such amendment or transaction, whether or not in fact Company Preferred Shares are outstanding) without the prior written consent of Fairfax. The Company is restricted from paying any dividends or other distributions and not to redeem any shares until such time as the Revolving Facility has been repaid in full and all outstanding Company Preferred Shares have been redeemed. The Preferred Stock will include a 5% Fixed, cumulative, preferential

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

cash dividends payable quarterly on the last day of March, June, September and December in each year at an annual rate of $0.50 per Series A Preferred Share (pro-rated for the first period after issuance). The quarterly dividends will relate to the quarterly period ending the last day of the respective month.

So long as the Series A Preferred Shares are outstanding, the Company shall not without approval of the holders of a majority of the Series A Preferred Shares: (a) pay any dividend or other distribution on the Common Shares or any other shares ranking junior to the Series A Preferred Shares; (b) purchase, redeem or return capital in respect of any Common Shares or other shares ranking junior to the Series A Preferred Shares; or (c) sell, transfer, lease, exchange or otherwise dispose of a material portion of the assets of the Company and/or its subsidiaries, on a consolidated basis. The Series A Preferred Shares will rank prior to the Common Shares as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Series A Preferred Shares will be redeemable at the option of the Company at any time at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption and redeemable at the option of the holder at any time after the third anniversary of the date of issue of such shares at a price of $10.00 per share, plus accrued and unpaid dividends to the date of redemption.

As of March 31, 2017, the Company has not amended the Articles of Incorporation to authorize the issuance of the above referenced Preferred Shares.

NOTE 10 -INCOME TAXES

For the years ended March 31, 2017 and 2016, the Company's effective tax rate was as follows:

	2017	2016
Federal tax benefit at statutory rate	30.00%	34.00%
State tax benefit, net of Federal benefits	5.00%	5.60%
Net change in valuation allowance	-35.00%	-39.60%
Income taxes, net	0.00%	0.00%

As of March 31, 2017 and 2016, the tax effects of temporary differences and carryforwards that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

		2017		2016
Net operating loss carry-forwards	$	5,358,986	$	5,618,000
Accrual and reserves		3,355,365		1,092,000
Total assets		8,714,351		6,710,000
Less, valuation allowance		(8,714,351)		(6,710,000)
Net deferred tax assets	$	-	$	-

NOTE 10 -INCOME TAXES (continued)

As of March 31, 2017, the Company had federal net operating loss carryforwards ("NOL's") of approximately $15.3 million that will be available to reduce future taxable income, if any. The Company performs an analysis each year to determine whether the expected future income will more likely than not be sufficient to realize the deferred tax assets. The Company's recent operating results and projections of future income weighed heavily in the Company's overall assessment. No tax benefit has been reported in the March 31, 2017 financial statements, since the potential tax benefit is offset by a valuation allowance of the same amount.

As of March 31, 2017, open tax years include the tax years ended December 31, 2011 through December 31, 2016.

The Company applies the standard relating to accounting (ASC 740-10) for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is required to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. There were no significant unrecognized tax benefits recorded as of March 31, 2017 and 2016, and there was no change to the unrecognized tax benefits during for the years ended March 31, 2017 and 2016.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities that are measured at fair value are reported using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of March 31, 2017 and 2016, the Company did not identify any other non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC Topic 825, *Financial instruments*.

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 12, 2017, which is the date the financial statements were available to be issued.

BDO Roxas Cruz Tagle and Co.
Audit | Tax | Consulting | BSO

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INDEPENDENT AUDITORS' REPORT

The Shareholders and the Board of Directors
Quess (Philippines) Corp.
(formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)
6th Floor, Salustiana D. Ty Tower Condominium
104 Paseo de Roxas cor. Perea Street
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quess (Philippines) Corp. (the "Company"), which comprise the statement of financial position as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the fiscal year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and its financial performance and its cash flows for the fiscal year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company for the fiscal year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on May 6, 2016.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism 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.

- 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 auditors' 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 auditors' 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 those charged with governance 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 the Supplementary Information Required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.
(formerly Alba Romeo & Co.)

Leticia C. Tagle
Partner
CPA Certificate No. 0017358
Tax Identification No. 123-048-280
PTR No. 5917851, issued on January 9, 2017, Makati City
BOA/PRC Registration No. 0005, issued on December 1, 2015,
effective until December 31, 2018
SEC Accreditation No. 1583-A (Individual), Group A, issued on September 6, 2016,
effective until September 6, 2019
SEC Accreditation No. 0007-FR-4 (Firm), Group A, issued on July 16, 2015,
effective until July 15, 2018
BIR Accreditation No. 08-001682-6-2014, issued on January 5, 2015,
effective until January 4, 2018

Makati City
May 12, 2017

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017
(With comparative figures as at March 31, 2016)

	Note	2017	2016
ASSETS			
Current assets			
Cash on hand and in banks	7	**P4,876,910**	P2,422,412
Trade and other receivables, net	8	**48,312,402**	27,307,988
Prepayments and other current assets	9	**943,490**	844,716
Due from a related party	18	**1,413,921**	-
Total current assets		**55,546,723**	30,575,116
Noncurrent assets			
Property and equipment, net	10	**506,501**	583,941
Deferred tax assets	17	**147,565**	67,153
Total noncurrent assets		**654,066**	651,094
TOTAL ASSETS		**P56,200,789**	P31,226,210
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	**P7,014,737**	P4,906,628
Income tax payable	17	**475,984**	947,504
Due to related parties	18	**26,530,722**	10,166,547
Total liabilities		**34,021,443**	16,020,679
Equity			
Share capital	12	**8,600,000**	8,600,000
Retained earnings		**13,579,346**	6,605,531
Total equity		**22,179,346**	15,205,531
TOTAL LIABILITIES AND EQUITY		**P56,200,789**	P31,226,210

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(With comparative figures for the fiscal year ended March 31, 2016)

	Note	2017	2016
Revenue	13	**P86,923,434**	P70,353,558
Cost of service	14	**(57,342,476)**	(47,902,931)
Gross profit		**29,580,958**	22,450,627
General and administrative expenses	16	**(18,608,208)**	(13,132,306)
Income from operations		**10,972,750**	9,318,321
Other losses, net	15	**(900,972)**	(1,790)
Income before income tax		**10,071,778**	9,316,531
Provision for income tax	17		
Current		**3,178,375**	2,795,496
Deferred		**(80,412)**	(537)
		3,097,963	2,794,959
Net income		**6,973,815**	6,521,572
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**P6,973,815**	P6,521,572

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.

(Formerly Magna Ikya Infotech, Inc.)

(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF CHANGES IN EQUITY

FOR THE FISCAL YEAR ENDED MARCH 31, 2017

(With comparative figures for the fiscal year ended March 31, 2016)

	Share capital (Note 12)	Retained earnings	Total
Balance at April 1, 2016	P8,600,000	P83,959	P8,683,959
Net income for the period	-	6,521,572	6,521,572
Balances at March 31, 2016	8,600,000	6,605,531	15,205,531
Net income for the period	-	6,973,815	6,973,815
Balances at March 31, 2017	**P8,600,000**	**P13,579,346**	**P22,179,346**

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.

(Formerly Magna Ikya Infotech, Inc.)

(A Wholly-Owned Subsidiary of Quess Corp. Limited)

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED MARCH 31, 2017

(With comparative figures for the fiscal year ended March 31, 2016)

	Notes	2017	2016
Cash flows from operating activities			
Income before income tax		**P10,071,778**	**P9,316,531**
Adjustments for:			
Provision for bad debts	8,16	**269,831**	-
Depreciation	10,16	**248,747**	160,692
Unrealized foreign exchange loss	15	**-**	1,790
Interest income	15	**(1)**	-
Operating income before working capital changes		**10,590,355**	9,479,013
Decrease (increase) in:			
Trade and other receivables, net		**(21,274,245)**	(9,919,179)
Due from a related party		**(1,413,921)**	300,310
Prepayments and other current assets		**(98,774)**	427,876
Increase in:			
Trade and other payables		**2,108,109**	657,693
Due to related parties		**16,364,175**	1,123,576
Net cash provided by operating activities		**6,275,699**	2,069,289
Interest received		**1**	-
Income tax paid	17	**(3,649,895)**	(1,847,992)
Net cash provided by operating activities		**2,625,805**	221,297
Cash flows from investing activity			
Acquisition of property and equipment	10	**(171,307)**	(534,416)
Net cash used in investing activity		**(171,307)**	(534,416)
Effect of foreign exchange rate changes on cash		**-**	(1,790)
Net increase (decrease) in cash on hand and in banks		**2,454,498**	(314,909)
Cash on hand and in banks, April 1		**2,422,412**	2,737,321
Cash on hand and in banks, March 31		**P4,876,910**	P2,422,412

(The notes on pages 5 to 48 are an integral part of these financial statements.)

QUESS (PHILIPPINES) CORP.
(Formerly Magna Ikya Infotech, Inc.)
(A Wholly-Owned Subsidiary of Quess Corp. Limited)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(With comparative figures as at and for the fiscal year ended March 31, 2016)

NOTE 1 – GENERAL INFORMATION

1.1 Corporate information

Quess (Philippines) Corp. (the "Company"), *(Formerly Magna Ikya Infotech, Inc.)* was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 13, 2013. The principal activities of the Company are to carry on or undertake activities relating to computer software, namely: system study and software feasibility analysis, including analysis of existing systems, business analysis, project definition, conceptual design and prototyping and designing; developing and implementing customized software, including collection and analysis of client requirements, development and implementation of the system to the client's satisfaction and design; and set up and administration of database, including understanding client data procedures, designing of tables using structured methodology like entity-relationship diagram, installation, performance tuning and database administration.

On August 14, 2015, 99% of the Company's shareholdings held by foreign nationals were assigned to Quess Corp. Limited, an entity incorporated under the laws of India. As at March 31, 2017, the Company is 99.97% owned by Quess Corp. Limited and 0.03% owned by Filipino nationals.

On October 21, 2015, SEC approved the change of Company's office address and its name from Magna Ikya Infotech, Inc to Quess (Philippines) Corp.

The Company's current and registered office address is located at 6th Floor, Salustiana D. Ty Tower Condominium, 104 Paseo de Roxas corner Perea Street, Legaspi Village, Makati City. Its former office address is at 23/F GT Tower International, 6813 Ayala Avenue, corner H.V. Dela Costa St., Salcedo Village, Makati City.

1.2 Approval of financial statements

The financial statements were approved and authorized for issue by the Company's Board of Directors (BOD) on May 12, 2017. The Company's Treasurer, Mr. Vijay Sivaram, was authorized by the BOD to sign for, approve and cause the issuance of the audited financial statements on its behalf.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below and on succeeding pages. The policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (PFRSC) and adopted by the SEC.

Basis of adoption

The FRSC and the SEC have adopted Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) which is applicable to all qualified SMEs effective for annual period beginning on or after January 1, 2010. For Philippine financial reporting purposes, PFRS for SMEs shall cover corporations that:

a. Have total assets of between P3 million and P350 million or total liabilities between P3 million and P250 million based on the entity's audited financial statements in prior year;
b. Are not required to file financial statements under Part II of the Securities Regulation Code (SRC) Rule 68 (unlisted and non-public entities);
c. Are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market;
d. Are not holders of secondary licenses issued by regulatory agencies such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies; and
e. Are not a public utility.

Based on the total assets and liabilities of the Company, it is qualified as an SME.

The SEC issued a notice on October 11, 2010 allowing SMEs exemption from the mandatory adoption of PFRS for SMEs if any of the following criteria indicated in the notice is met by the SME:

a. Is a subsidiary of a parent company reporting under the full PFRSs;
b. Is a subsidiary of a foreign parent company that will be moving towards IFRS pursuant to the foreign country's published convergence plan;
c. Is a subsidiary of a foreign parent company that has been applying the standards for a non-publicly accountable entity for local reporting purposes, and is considering moving to full PFRSs instead of the PFRS for SMEs to align its policies with the expected move to full IFRSs by its foreign parent company pursuant to its country's published convergence plan;
d. Has short-term projections that show that it will breach the quantitative thresholds set in the criteria for an SME, and the breach is expected to be significant and continuing due to its long-term effect on the company's asset or liability size;
e. Is part of a group, either as a significant joint venture or an associate, that is reporting under the full PFRSs;
f. Is a branch office of a foreign company reporting under the full IFRSs;
g. Has concrete plans to conduct an initial public offering within the next two years;
h. Has a subsidiary that is mandated to report under the full PFRSs; and
i. Has been preparing financial statements using full PFRSs and has decided to liquidate its assets.

Based on the exemption criteria, the Company elected for such an exemption on the basis that it is a subsidiary of a parent company reporting under the full PFRS.

Basis of measurement

The Company's financial statements have been prepared using the historical cost basis, except as disclosed in the accounting policies below.

Functional and presentation currency

The Company's financial statements are presented in Philippine peso (P), which is also the Company's functional currency. All values are rounded to the nearest peso, unless otherwise indicated.

Use of judgments and estimates

The preparation of financial statements in compliance with PFRSs requires the use of certain critical accounting estimates. It also requires the Company's management to exercise its judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the previous year, except for the following new standard and amendments which were adopted as at January 1, 2016. Except as otherwise indicated, the adoption of these new standard and amendments did not have a significant impact on the Company's financial statements.

Amendments to PFRS 11, *Joint Arrangements: Accounting for acquisitions of interests in joint operations*

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 PFRS 3 and other PFRSs that do not conflict with the requirements of PFRS 11. Furthermore, entities are required to disclose the information required by PFRS 3 and other PFRSs for business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied prospectively.

PFRS 14, *Regulatory Deferral Accounts*

PFRS 14 allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. The standard does not apply to existing PFRS preparers. Also, an entity whose current generally accepted accounting principles (GAAP) do not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first-time application of PFRS.

Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income (OCI).

The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

The standard is effective for annual periods beginning on or after January 1, 2016.

Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets: Clarification of acceptable methods of depreciation and amortization*

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective for annual periods beginning on or after January 1, 2016 and are applied prospectively.

Amendments to PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture: Bearer plants*

The amendments change the scope of PAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of PAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in PAS 16, including the choice between the cost model and revaluation model for subsequent measurement.

In addition, government grants relating to bearer plants will be accounted for in accordance with PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, instead of PAS 41.

The amendments are effective for annual periods beginning on or after January 1, 2016. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may choose to measure a bearer plant at its fair value at the beginning of the earlier period presented.

Amendments to PAS 27, *Separate Financial Statements: Equity method in separate financial statements*

The amendments to PAS 27 allow an entity to use the equity method as described in PAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost;
- In accordance with PFRS 9 (or PAS 39); or
- Using the equity method.

The entity must apply the same accounting for each category of investment.

A consequential amendment was also made to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*. The amendment to PFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the PFRS 1 exemption for past business combinations to the acquisition of the investment.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied retrospectively.

Annual Improvements to PFRSs (2012-2014 Cycle)

The changes summarized below are effective for annual reporting periods beginning on or after January 1, 2016.

- **Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal***

  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 PFRS 5.

  The amendment must be applied prospectively.

- **Amendments to PFRS 7, *Financial Instruments: Disclosures: Servicing contracts and Applicability of the amendments to PFRS 7 to condensed interim financial statements***

  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 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.

  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 must be applied retrospectively.

- **Amendment to PAS 19, *Employee Benefits: Discount rate – regional market issue***

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  This amendment must be applied prospectively.

- **Amendment to PAS 34, *Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"***

  The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).

  The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

  This amendment must be applied retrospectively.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interest in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures: Investment entities - Applying the consolidation exception*

The amendments address three issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption in paragraph 4 of PFRS 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 PFRS 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 PAS 28 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.

The amendments are effective for annual periods beginning on or after January 1, 2016 and must be applied retrospectively.

Amendments to PAS 1, *Presentation of Financial Statements: Disclosure initiative*

The amendments include the following:

- Materiality. The aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by PFRSs.
- Line items in primary financial statements. The amendments (1) introduce a clarification that the list of line items to be presented in primary statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements; and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes to the financial statements. The determination of the order of the notes should include consideration of understandability and comparability of financial statements. It has been clarified that the order listed in paragraph 114 of PAS 1 is illustrative only.
- Accounting policies. The International Accounting Standards Board (IASB) also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.
- Equity-accounted investments. The share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2016.

New standards and amendments issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company’s financial statements are listed on the succeeding pages. The Company intends to adopt the standards that will be applicable to them when they become effective.

Amendments to PAS 7, *Statement of Cash Flows: Disclosure initiative*

These amendments require companies to provide information about changes in their financing liabilities which includes 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 – e.g., by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

Amendments to PAS 12, *Income Taxes: Recognition of deferred tax assets for unrealized losses*

The amendments clarify recognition of deferred tax assets relating to unrealized losses on debt instruments measured at fair value. A deductible temporary difference arises when the carrying amount of the debt instrument measured at fair value is less than the cost for tax purposes, irrespective of whether the debt instrument is held for sale or held to maturity. The recognition of the deferred tax asset that arises from this deductible temporary difference is considered in combination with other deferred taxes applying local tax law restrictions where applicable. In addition, when estimating future taxable profits, consideration can be given to recovering more than the asset's carrying amount where probable.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If an entity applies the relief, it shall disclose that fact.

Amendments to PFRS 2, *Share-Based Payment: Classification and measurement of share-based payment transactions*

The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; provide guidance on the classification of share-based payment transactions with net settlement features for withholding tax obligations; and clarify accounting for modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018, to be applied prospectively.

PFRS 9, ***Financial Instruments (2014)***

In July 2014, PFRS 9 (2014) was published which incorporated the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting.

Phase 1: Classification and measurement of financial assets and financial liabilities

The original version of PFRS 9, issued in 2009, introduced new criteria for the classification and measurement of financial assets to be measured at amortized cost. In order to qualify for amortized cost measurement, a two-stage test is applied. Firstly, the entity's business model must be to collect the contractual cash flows from the asset, rather than selling it to realize its fair value. Secondly, the asset must have contractual cash flows which are comprised solely of the principal amount due plus interest on the principal amount outstanding (which is only time value plus a margin for credit risk), often referred to as Solely Payments of Principal and Interest (or SPPI). Financial assets that pass those two tests are measured at amortized cost, with all others being measured at fair value. The criteria are applied to the assets as a whole, with the previous guidance in PAS 39, *Financial Instruments: Recognition and Measurement* for embedded derivatives no longer applying to financial assets.

PFRS 9 (2014) introduces amendments to the previously finalized classification and measurement requirements for financial assets. A third measurement category has also been added for debt instruments – Fair value through OCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. Additional application guidance was included to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are SPPI.

The classification and measurement requirements for financial liabilities were first added to PFRS 9 in 2010 and have been carried forward from PAS 39 largely unchanged, including a continuation of the requirement to separate embedded derivatives. However, a significant change is that, if a financial liability is designated (under the option available in PFRS 9) as at fair value through profit or loss (FVPL), changes in the fair value of that financial liability that are attributable to changes in the entity's own credit risk will typically be recorded in OCI instead of profit or loss. This change has been made in order to prevent a deterioration in an entity's financial position (and hence, credit status) resulting in gains being reported in profit or loss.

The existing guidance for derecognition of financial assets and financial liabilities has been carried forward from PAS 39 unchanged, with some improvements to disclosure requirements being added to PFRS 7.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each financial reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 replaces all existing revenue requirements in PFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as PAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in PFRS 15 will be applied using a five-step model. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in PFRS 15 to assist entities in applying its requirements to certain common arrangements, including licenses of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

PFRS 16, *Leases*

PFRS 16 will replace PAS 17, *Leases* and the related Philippine Interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer ("lessee") and the supplier ("lessor"). The standard brings most leases on-balance sheet for lessees under a single model, eliminating the previous classifications of operating and finance leases. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for leases with a term of 12 months or less and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. The on-balance sheet treatment will result in the grossing up of the balance sheet due to right-of-use assets being recognized with offsetting liabilities. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

The amendments must be applied prospectively.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) decided to postpone the original effective date of January 1, 2016 of the above amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2.3 Financial instruments

The Company has the following policies in accounting for financial assets and liabilities:

Initial recognition

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. In the case of a regular purchase or sale of financial assets, recognition is done at trade date, which is the date on which the Company commits to purchase or sell the asset.

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial assets and financial liabilities includes transaction costs. Financial instruments carried at FVPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

Financial instruments are classified as current if expected to be settled within 12 months; otherwise, they are classified as non-current.

Classification of financial instruments

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Classification of financial instruments between debt and equity

Financial instruments are classified as debt or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as income or expense.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial assets to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or (c) satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Determination of fair value

The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Fair value hierarchy

PFRS 13 requires certain disclosures that include the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

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

Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

As at March 31, 2017 and 2016, the Company does not have financial assets and financial liabilities carried at fair value.

Financial assets

The Company classifies its financial assets as (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables, and (d) available-for-sale (AFS) financial assets.

(a) Financial assets at FVPL

Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Subsequent to initial recognition, the financial assets at FVPL are measured at fair value with changes in fair value recognized in profit or loss.

The Company reclassifies financial assets at FVPL if, and only if, it changes its model for managing financial assets at FVPL or if the financial assets are no longer held for the purpose of being sold or repurchased in the near term.

For financial assets reclassified out of financial assets at FVPL, the reclassification is applied prospectively from the reclassification date. Any gains or losses previously recognized in profit or loss are not restated as OCI. Once reclassified, the Company is not allowed to reclassify the AFS financial assets to financial assets at FVPL.

Any subsequent unrealized gains or losses from change in market value are recognized as OCI in the AFS reserve until the investment is derecognized.

As at March 31, 2017 and 2016, the Company does not have financial assets at FVPL.

(b) HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in profit or loss when the HTM investments are derecognized or impaired, as well as through the amortization process.

As at March 31, 2017 and 2016, the Company does not have HTM investments.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value, which is the cash given to originate the loan or receivable, including any transaction costs. Loans and receivables are subsequently measured at amortized cost, less impairment in value. Amortization is determined using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest method.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Loans and receivable are included in current assets if maturity is within 12 months or the Company's normal operating cycle, whichever is longer, from the reporting date. Otherwise, these are classified as noncurrent.

The Company's cash on hand and in banks, trade and other receivables, rental deposit and due from a related party are included in this category (Notes 7, 8, 9 and 18).

(d) AFS financial assets

AFS financial assets include investments in equity and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as OCI or other comprehensive losses in the statement of comprehensive loss until the investment is derecognized, at which time the cumulative gain (loss) is recognized in profit or loss, or determined to be impaired, at which time the cumulative loss previously recognized as other comprehensive loss in the statement of comprehensive loss is recognized in profit or loss.

The Company evaluates its AFS financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

As at March 31, 2017 and 2016, the Company does not have AFS financial assets.

Financial liabilities

Financial liabilities are classified as (a) financial liabilities at FVPL (including financial liabilities held for trading and those that are designated at fair value), and (b) other financial liabilities measured at amortized cost.

(a) Financial liability at FVPL

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Gains and losses arising from changes in the fair value of financial liabilities classified as held for trading are included in profit or loss.

As at March 31, 2017 and 2016, the Company does not have financial liabilities at FVPL.

(b) Other financial liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than for provisions.

Accounts payable and other liabilities are recognized in the year in which the related money, goods or services are received or when a legally enforced claim against the Company is established. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Company's trade and other payables and due to related parties are included in this category (Notes 11 and 18).

Impairment of financial assets

Assessment of impairment

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any difference between loss estimates and actual loss experience.

The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of loan or advances by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment on assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

Impairment on assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an asset carried at cost such as an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment on AFS financial assets

In the case of equity securities classified as AFS financial assets, indicators of impairment would include a significant or prolonged decline in the fair value of the securities below cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the equity securities previously recognized in profit or loss, is removed from equity and recognized in profit or loss for the period.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recognized in profit or loss as part of interest income.

Reversal of impairment loss

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

Derecognition of financial instruments

A financial asset or, where applicable, a part of a financial asset is derecognized when: (a) the rights to receive cash flows from the asset have expired; (b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or (c) the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of ownership of the asset, or has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.4 Prepayments and other current assets

Prepayments include expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged as expense in profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current asset when the cost of the prepayment is expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non current.

Other current assets are recognized when the Company expects to receive future economic benefits and the amount can be measured reliably.

2.5 Rental deposit

Rental deposit under the operating lease agreement is initially measured at its fair value, which is equal to the present value of future cash flows using an appropriate discount rate. The discount rate used approximates the prevailing rate of return for financial instruments having substantially the same terms and characteristics, including the remaining term over which the contractual interest rate is fixed and the remaining term to refund of the deposit. The difference between the present value of refundable lease deposit and the actual consideration received is recognized as prepaid rent under other current assets in the statement of financial position. After initial recognition, the rental deposit and the related interest income are measured at amortized cost using the effective interest method over the period of the lease. Accretion of interest and amortization of prepaid rent from discounting of refundable lease deposit are presented within interest income.

2.6 Tax credit claim from input value added tax (VAT)

Tax credit claim from input VAT is stated at face value less provision for impairment, if any. Provision for unrecoverable tax credit claim from input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claim. The Company, on a continuing basis, makes a review of the status of the claim designed to identify those that may require provision for impairment losses.

A provision for impairment of unrecoverable tax credit claim from input VAT is established when there is objective evidence, including compliance with the regulatory requirements of the local tax authorities, that the Company will not be able to recover the claims. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized within operating expenses in profit or loss.

Tax credit claim from input VAT is derecognized when actually collected or disallowed by the tax authority.

2.7 Property and equipment, net

Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, import duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when the expenditures have resulted in increase in future economic benefits in excess of the originally assessed standard of performance of the existing asset. Expenditures for repairs and maintenance are charged to the operations during the year in which they are incurred.

Depreciation is provided on all other items of property and equipment and is computed on a straight-line method based upon the estimated useful lives of the assets. The useful lives of properties are as follows:

Furniture and fixtures	-	3 years
Computer and office equipment	-	4 years

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in statement of comprehensive income.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization and any impairment loss are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Gains and losses on disposals are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognized in profit or loss.

2.8 Impairment of non-financial assets

At each financial date, the Company reviews the carrying amounts of noncurrent assets to determine whether there is any indication of impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of the assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the Company’s profit or loss.

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. A reversal of impairment loss is credited to current operations.

2.9 Provisions and contingencies

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is charged against profit or loss, net of any reimbursement.

Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the financial statements. These are only disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

2.10 Equity

Share capital, both subscribed and issued, is determined using the nominal value of shares that have been issued or subscribed.

Retained earnings include all current and prior period results as disclosed in the statements of comprehensive loss, net of dividends declared.

2.11 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured.

The Company's revenue arises from rendering information technology (IT) consultancy and services.

The additional specific recognition criteria for each type of revenue are as follows:

Interest income

Interest income is recognized as the interest accrues on a timely basis with reference to the principal outstanding and at the EIR applicable.

Other income

Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company and that can be measured reliably.

2.12 Cost and expense recognition

Cost and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the profit or loss are presented using the function of expense method.

2.13 Foreign exchange transactions

The functional and presentation currency of the Company is the Philippine Peso. Transactions in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the date on which the transaction took place. Foreign currency denominated monetary assets and liabilities of the Company are translated using the prevailing exchange rate as at financial position date. Gains or losses arising from these transactions and translation are credited or charged to income for the year.

2.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease, only if one of the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in statement of comprehensive loss on a straight-line basis over the lease term.

2.15 Income tax

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax assets and current tax liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, determined at the end of every quarter, subject to adjustments at the end of the period when a final or adjustment return is filed and the corresponding annual income tax is computed and determined to be recovered or paid. The tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated on the basis of the tax rates and laws enacted or substantively enacted at the financial reporting date.

Current tax is recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in OCI or directly in equity account), in which case, the tax is also recognized outside profit or loss.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the liability method, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and joint arrangements where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.16 Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control of the group are also considered related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely on the legal form. The key management personnel of the Company is also considered to be related party.

2.17 Employee benefits

Short-term benefits

Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, government-mandated benefits and other employee benefits.

Retirement benefits

Post-employment benefit is provided to employees through a defined benefit plan.

Retirement benefit cost is determined using the projected unit credit method. This method reflects the services rendered by the employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. The components of defined benefit cost include service cost, net interest on the net defined benefit liability (asset) in the statement of comprehensive income, and remeasurements of the net defined benefit liability (asset) in OCI. Remeasurements of the net defined benefit liability (asset) recognized in OCI shall not be reclassified to statement of comprehensive income in a subsequent period.

The retirement benefit liability recognized is the present value of the Company's defined benefit obligation (DBO) as of financial reporting date. An actuary, using the projected unit credit method, calculates the DBO. The present value of the DBO is determined by discounting the estimated future cash outflows using risk-free interest rates of bonds that have terms to maturity approximating the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to OCI.

Past service costs are recognized immediately in statement of comprehensive income.

As at March 31, 2017, the Company did not set up retirement benefit plan for its employees. The Company has 156 employees, of whom the maximum service rendered as of financial reporting date was 2 years. Furthermore, it was incorporated only in March 2013.

2.18 Events after the financial reporting date

Post-year-end events up to the date of the auditors' report that provide additional information about the Company's position at financial reporting period (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

There are no subsequent events after the reporting date that requires adjustments or disclosures in the financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following presents a summary of these significant judgments, estimates and assumptions:

3.1 Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect in the amounts recognized in the financial statements.

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency is determined to be the Philippine Peso (P). It is the currency that mainly influences the Company's operations.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the Company's statements of financial position.

The classification of the Company's financial instruments is set out in Note 6 to the financial statements.

Determination of the classification of leases

The Company has entered into a lease agreement for the premises it uses for operations. The Company has determined, based on the evaluation of the terms and conditions of the lease agreement (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), that the lessor retains all the significant risks and rewards of ownership of these properties.

Leases accounted for as operating leases are disclosed under Note 19.

Determination of fair value of financial instruments

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the Company's statements of changes in equity.

The fair values of the Company's financial instruments are set out in Note 6 to the financial statements.

3.2 Estimates and assumptions

The following are the key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the financial reporting date that have a significant need of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of allowance for bad debts and probable losses

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the Company's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible.

The Company recognized allowance for bad debts amounting to P269,831 and nil as at March 31, 2017 and 2016, respectively (Note 8).

Estimation of useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease noncurrent assets.

The estimated useful lives of property and equipment are set out in Note 2.7.

The carrying value of property and equipment amounts to P506,501 and P583,941 as at March 31, 2017 and 2016, respectively (Note 10).

Accumulated depreciation of the Company's property and equipment amounted to P471,775 and P223,028, as at March 31, 2017 and 2016, respectively (Note 10).

Measurement of financial assets

The Company carries certain financial assets at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any changes in fair value of these financial assets would affect profit or loss and equity. The fair value of the Company's financial instruments is disclosed in Note 6.

Impairment of non-financial assets

At each financial position date, the Company assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell 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 groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. A reversal of impairment loss is credited to current operations.

Based on management's assessment, the Company's non-financial assets except for input VAT amounting to P552,948 and P499,444 are not impaired as at March 31, 2017 and 2016, respectively (Note 9).

Realizability of deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces them to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. Estimates of future taxable income indicate that temporary differences will be realized in the future.

NOTE 4 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's business activities expose it to various financial risks such as liquidity risk, credit risk and interest rate risk. Management ensures that it has sound policies and strategies in place to minimize the potential adverse effects of these risks on the Company's financial performance.

Risk management structure

The BOD has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the BOD is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Financial risk management objectives and policies

The Company is exposed to a variety of financial risks, which result from both its operating, financing and investing activities. The Company's principal financial instruments comprise cash, trade and other receivables, rental deposits, due from related party, due to related parties, and trade and other payables. The main purpose of these financial instruments is to facilitate the financing needs of the Company's operations.

Company policies and guidelines cover credit risk, interest rate risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is mainly exposed to credit risk on cash in banks, trade and other receivables, due from a related party and rental deposits with maximum exposure equivalent to its carrying amounts. Further, credit risk is being managed with the selection and acceptance of counterparties with acceptable credit standing.

With respect to credit risk arising from the financial assets of the Company, which comprise cash in banks, trade and other receivables, due from a related party and rental deposits, the Company's exposure to credit risk could arise from default of the party, having a maximum exposure equal to the carrying amounts of these instruments.

The total carrying amount of financial assets represents the maximum credit exposure. The maximum exposures to credit risk before collateral held or other credit enhancements are as follows:

	2017	2016
Cash in banks (Note 7)	**P4,866,910**	P2,389,654
Trade and other receivables, net (Note 8)	**48,312,402**	27,307,988
Due from a related party (Note 18)	**1,413,921**	-
Rental deposit (Note 9)	**211,860**	198,000
	P54,805,093	P29,895,642

The Company manages credit risk on its cash in banks by placing deposits in universal banks. Rental deposits are held with unrated counterparties but with no history of default.

These financial assets are neither past due nor impaired and are considered to be fully performing. The maximum exposure to credit risk is equal to the amount shown in the statement of financial position.

Credit quality per class of financial assets

The Company's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard - These are receivables that can be collected provided the Company makes persistent effort to collect them.

The Company's cash in banks, trade and other receivables, due from a related party and rental deposits are classified as high grade financial assets.

The tables below show the credit quality by class of financial assets as at March 31 (amounts gross of allowances):

	2017				
	Neither past due nor impaired				
	High grade	**Standard grade**	**Substandard grade**	**Impaired**	**Total**
Cash in banks (Note 7)	**P4,866,910**	**P-**	**P-**	**P-**	**P4,866,910**
Trade and other receivables (Note 8)	**48,312,402**	**-**	**-**	**269,831**	**48,582,233**
Due from a related party (Note 18)	**1,413,921**	**-**	**-**	**-**	**1,413,921**
Rental deposit (Note 9)	**211,860**	**-**	**-**	**-**	**211,860**
	P54,805,093	**P-**	**P-**	**P269,831**	**P55,074,924**

	2016				
	Neither past due nor impaired				
	High grade	Standard grade	Substandard grade	Impaired	Total
Cash in banks (Note 7)	P2,389,654	P-	P-	P-	P2,389,654
Trade and other receivables (Note 8)	27,307,988	-	-	-	27,307,988
Due from a related party (Note 18)	-	-	-	-	-
Rental deposit (Note 9)	198,000	-	-	-	198,000
	P29,895,642	P-	P-	P-	P29,895,642

The Company does not hold any collateral or other credit enhancements to cover this credit risk. Receivable balance is being monitored on a regular basis to ensure timely execution of necessary collection efforts.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met. To cover the Company's financing requirements, financial readiness is maintained in the form of available liquid funds.

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreement as at March 31:

	2017				
	Carrying amount	**Total**	**On demand**	**Within one year**	**Beyond one year**
Accrued expenses (Note 11)	**P2,487,766**	**P2,487,766**	**P-**	**P2,487,766**	**P-**
Accounts payable (Note 11)	**803,777**	**803,777**	**-**	**803,777**	**-**
Advances from officers (Note 11)	**-**	**-**	**-**	**-**	**-**
Due to related parties (Note 18)	**26,530,722**	**26,530,722**	**26,530,722**	**-**	**-**
	P29,822,265	**P29,822,265**	**P26,530,722**	**P3,291,543**	**P-**

	2016				
	Carrying amount	Total	On demand	Within one year	Beyond one year
Accrued expenses (Note 11)	P3,170,079	P3,170,079	P-	P3,170,079	P-
Accounts payable (Note 11)	115,512	115,512	-	115,512	-
Advances from officers (Note 11)	113,082	113,082	-	113,082	-
Due to related parties (Note 18)	10,166,547	10,166,547	10,166,547	-	-
	P13,565,220	P13,565,220	P10,166,547	P3,398,673	P-

Financial assets held to manage liquidity consist of cash on hand and in banks amounted to P4,876,910 and P2,422,412 as at March 31, 2017 and 2016, respectively. These are realizable within one year.

There are no financial assets pledged as collateral for the Company's financial liabilities. The Company does not hold any collateral of a financial or non-financial nature for which it is permitted to sell or re-pledge in the absence of default by the owner of the collateral.

Market risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rate, foreign currency exchange rate, equity prices and other market changes. The Company's market risk is manageable within conservative bounds. As at March 31, 2017 and 2016, the Company has not engaged in trading financial instruments.

Interest rate risk

Interest rate risk is usually classified as cash flow and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rates for the interest-bearing financial instruments are as follows:

	Due and Demandable	**1-2 Years**	**2-3 Years**	**More than 3 Years**
Cash in bank	0.01%	-	-	-

The effect of the change in interest rate does not have any significant impact to the Company. There is no interest rate risk sensitivity analysis on financial instruments with fixed rate.

NOTE 5 – CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company regards the following items as the capital it manages as at March 31, 2017 and 2016:

	2017	2016
Share capital (Note 12)	**P8,600,000**	P8,600,000
Retained earnings	**13,579,346**	6,605,531
	P22,179,346	P15,205,531

There are no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

NOTE 6 – FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities at March 31, 2017 and 2016 are as follows:

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Cash on hand and in banks (Note 7)	**P4,876,910**	**P4,876,910**	P2,422,412	P2,422,412
Trade and other receivables, net (Note 8)	**48,312,402**	**48,312,402**	27,307,988	27,307,988
Due from a related party (Note 18)	**1,413,921**	**1,413,921**	-	-
	P54,603,233	**P54,603,233**	P29,730,400	P29,730,400
Financial liabilities				
Trade and other payables (Note 11)	**P3,291,543**	**P3,291,543**	P3,555,550	P3,555,550
Due to related parties (Note 18)	**26,530,722**	**26,530,722**	10,166,547	10,166,547
	P29,822,265	**P29,822,265**	P13,722,097	P13,722,097

**Excluding government liabilities and output VAT amounting to P4,505,579 and P2,298,582 as at March 31, 2017 and 2016, respectively.*

Interest income earned from cash in bank amounted to P1 and nil in 2017 and 2016, respectively. Foreign exchange loss amounted to P900,973 and P1,790 in 2017 and 2016, respectively (Notes 7 and 15).

Fair value determination of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash on hand and in banks, trade and other receivables, due from a related party, rental deposits, due to related parties, and trade and other payables have no published market values as they all pertain to unquoted financial assets and liabilities. Their carrying values approximate their fair values.

NOTE 7 – CASH ON HAND AND IN BANKS

The details of the account are as follows:

	2017	2016
Cash in banks	**P4,866,910**	P2,389,654
Petty cash fund	**10,000**	32,758
	P4,876,910	P2,422,412

Cash in banks consist of savings and current accounts. It earns interest at the daily bank deposit rate of 0.01% amounting to P1 and nil for the fiscal years ended March 31, 2017 and 2016, respectively (Note 15).

NOTE 8 – TRADE AND OTHER RECEIVABLES, NET

The details of the account are as follows:

	2017	2016
Accounts receivable - trade	**P48,114,852**	P27,307,988
Advances to officers and employees	**197,550**	-
	P48,312,402	P27,307,988

The details of the accounts receivable - trade are as follows:

	2017	2016
Accounts receivable	**P48,384,683**	P27,307,988
Allowance for bad debts	**(269,831)**	-
	P48,114,852	P27,307,988

Accounts receivable includes receivable from customers for the services rendered by the Company.

The details of allowance for doubtful accounts are as follows:

	2017	2016
Beginning balance	**P-**	P-
Provision for bad debts (Note 16)	**269,831**	-
Ending balance	**P269,831**	P-

NOTE 9 – PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the account at March 31 are as follows:

	2017	2016
Prepaid expense	**P552,948**	P198,000
Rental deposit	**211,860**	198,000
Deferred input vat	**95,024**	95,024
Input vat	**83,658**	52,248
Advances to supplier	**-**	301,444
	P943,490	P844,716

Prepaid expenses include services paid by the Company in advance for its advertisement, payroll software and health insurance plan. These are costs that have been paid but have not yet been used up or have not yet expired as at financial reporting date.

Deferred input vat arises from accrual of professional fees.

NOTE 10 – PROPERTY AND EQUIPMENT, NET

The details of this account are as follows:

	2017			
	Furniture and fixtures	**Office equipment**	**Computer equipment**	**Total**
Cost				
At April 1, 2016	**P277,053**	**P3,393**	**P526,523**	**P806,969**
Additions	**13,612**	**44,756**	**112,939**	**171,307**
At March 31, 2017	**290,665**	**48,149**	**639,462**	**978,276**
Accumulated depreciation				
At April 1, 2016	**44,614**	**848**	**177,566**	**223,028**
Depreciation (Note 16)	**96,132**	**6,235**	**146,380**	**248,747**
At March 31, 2017	**140,746**	**7,083**	**323,946**	**471,775**
Net book value				
At March 31, 2017	**P149,919**	**P41,066**	**P315,516**	**P506,501**

	2016			
	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost				
At April 1, 2015	P-	P3,393	P269,160	P272,553
Additions	277,053	-	257,363	534,416
At March 31, 2016	277,053	3,393	526,523	806,969
Accumulated depreciation				
At April 1, 2015	-	-	62,336	62,336
Depreciation (Note 16)	44,614	848	115,230	160,692
At March 31, 2016	44,614	848	177,566	223,028
Net book value				
At March 31, 2016	P232,439	P2,545	P348,957	P583,941

As at March 31, 2017 and 2016, the management believes that the net carrying amount of property and equipment can be fully recovered through use in its operation, and sees no indication of impairment.

There are no property and equipment used as security for any liabilities of the Company.

NOTE 11 – TRADE AND OTHER PAYABLES

The details of this account are as follows:

	2017	2016
Accrued expenses	**P2,487,766**	P3,170,079
Deferred output value-added taxes	**1,753,657**	376,196
Government liabilities	**1,666,302**	899,652
Accounts payable	**803,777**	115,512
Output value-added taxes	**303,235**	75,230
Wages clearing	**-**	80,219
Advances - intellicare	**-**	76,658
Advances from officers	**-**	113,082
	P7,014,737	P4,906,628

Accrued expenses pertains to accrual of payroll, utilities, communication, association dues, courier fees and other expenses incurred by the Company that are not yet paid during the financial period.

Deferred output value-added taxes are set up by the Company for sale of services on credit.

NOTE 12 – SHARE CAPITAL

The Company has an authorized capital stock of P34,400,000 divided into 344,000 ordinary shares at a par value of P100 per share.

The details of share capital are as follows:

	2017	
	No. of shares	**Amount**
Authorized		
Ordinary shares, P100 par value	**344,000**	**P34,400,000**
Share capital		
Subscribed shares	**86,000**	**P8,600,000**
Subscription receivable	**-**	**-**
Issued and outstanding shares	**86,000**	**P8,600,000**

	2016	
	No. of shares	Amount
Authorized		
Ordinary shares, P100 par value	344,000	P34,400,000
Share capital		
Subscribed shares	86,000	P8,600,000
Subscription receivable	-	-
Issued and outstanding shares	86,000	P8,600,000

NOTE 13 - REVENUE

The Company's revenue from rendering consultancy and IT services amounted to P86,923,434 and P70,353,558 for the years ended March 31, 2017 and 2016, respectively.

NOTE 14 – COST OF SERVICE

The details of the account are as follows:

	2017	2016
Salaries and wages	**P48,312,637**	P37,641,018
Other employee benefits	**4,223,810**	3,735,459
13th month pay	**2,760,998**	3,474,174
SSS/Philhealth/Pag-ibig premium	**1,945,404**	1,769,206
Transportation and travel	**99,127**	1,277,988
Incentive leave	**500**	5,086
	P57,342,476	P47,902,931

Other employee benefits include de minimis benefits and other bonuses.

NOTE 15 – OTHER LOSSES, NET

The details of the account are as follows:

	2017	2016
Realized foreign exchange loss	**P900,973**	P-
Unrealized foreign exchange loss	**-**	1,790
Interest income	**(1)**	-
	P900,972	P1,790

Realized foreign exchange loss incurred as at March 31, 2017 was due to the payments made by the Company to its clients overseas.

NOTE 16 – GENERAL AND ADMINISTRATIVE EXPENSES

The details of the account are as follows:

	2017	2016
Salaries and wages	**P7,681,917**	P4,889,643
Professional fees	**1,664,037**	2,054,684
Other employee benefits	**983,346**	920,386
Interest paid	**939,588**	-
Rent expense (Note 19)	**937,410**	1,127,192
Transportation and travel	**681,185**	336,779
Communication	**638,108**	925,041
Taxes and licenses	**555,607**	142,585
13th month pay	**547,949**	262,126
Log in expense	**544,314**	-
Software expense	**430,000**	-
SSS/Philhealth/Pag-ibig contribution	**375,505**	243,306
Incentives	**350,852**	156,350
Provision for bad debts (Note 8)	**269,831**	-
Utilities	**255,195**	418,020
Depreciation (Note 10)	**248,747**	160,692
Advertising	**233,548**	319,307
Bank charges	**144,268**	106,660
Audit fees	**120,000**	161,000
Association dues	**100,800**	58,240
Recruitment expense	**93,717**	390,487
Training and allowances	**72,972**	90,000
Stationery and office supplies	**72,702**	103,264
Meal and transportation	**59,484**	49,614
Repairs and maintenance	**39,920**	11,242
Courier fee	**36,936**	27,650
Pantry supplies	**25,642**	30,470
Employee relations	**13,879**	70,490
Photocopying	**-**	1,224
Representation	**-**	2,745
Membership fee	**-**	50,000
Insurance expense	**-**	3,421
Miscellaneous expenses	**490,749**	19,688
	P18,608,208	P13,132,306

Miscellaneous expenses include various expenses incurred by the Company, deficiency taxes and compromise payment amounting to P210,564 and unsupported creditable withholding taxes amounting to P44,202 for the year ended March 31, 2017.

NOTE 17 – INCOME TAXES

a) The components of the Company's provision for income tax are as follows:

	2017	2016
Current	**P3,178,375**	P2,795,496
Deferred	**(80,412)**	(537)
	P3,097,963	P2,794,959

b) A reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in the profit or loss are as follows:

	2017	2016
Income before tax	**P10,071,778**	P9,316,531
Income at statutory rate of 30%	**3,021,533**	2,794,959
Add tax effect of:		
Non-deductible expenses	**76,430**	-
	P3,097,963	P2,794,959

c) The components of the Company's deferred taxes are as follows:

	2017		2016	
	Asset	**Liability**	Asset	Liability
Provision for bad debts	**P80,949**	**P-**	P-	P-
Unrealized foreign exchange loss	**66,616**	-	67,153	-
	P147,565	**P-**	P67,153	P-

d) The movements in deferred taxes during the year are as follows:

	March 31, 2017			
	Beginning	**Charged (credited) to net income**	**Charged to equity**	**Ending**
Provision for bad debts	**P-**	**P80,949**	**P-**	**P80,949**
Unrealized foreign exchange loss	**67,153**	**(537)**	**-**	**66,616**
	P67,153	**P80,412**	**P-**	**P147,565**

	March 31, 2016			
	Beginning	Charged (credited) to net income	Charged to equity	Ending
Provision for bad debts	P-	P-	P-	P-
Unrealized foreign exchange loss	66,616	537	-	67,153
	P66,616	P537	P-	P67,153

e) The movements in income tax payable are as follows:

	2017	2016
Balance at April 1	**P947,504**	P-
Charged to profit or loss	**3,178,375**	2,795,496
Income tax paid	**(3,649,895)**	(1,847,992)
Balance at March 31	**P475,984**	P947,504

NOTE 18 – RELATED PARTY TRANSACTIONS

Transactions with related parties consist of services rendered to affiliates and interest and non-interest-bearing advances for various expenses. Both are to be settled through cash payment.

Related party	**Relationship**
Quess Corp. Limited	Parent company
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control
Quess Corp. (USA), Inc.	Entity under common control
Quess Global (Malaysia)	Entity under common control
Quess Recruit	Entity under common control

Due from a related party includes receivable from Quess Recruit for the expenses paid by the Company for its operation. This amounted to P1,413,921 and nil for the years ended March 31, 2017 and 2016, respectively.

Due to related parties include interest-bearing advances from Quess Corp. Holding Pte. Ltd. (Singapore) and Quess Corp. (USA), Inc. and non-interest-bearing advances from Quess Global (Malaysia) for payment of salaries and operating expenses of the Company. These interest-bearing advances started to incur interests of 0.8% and 8% during the fiscal year ended March 31, 2017 amounting to P161,532 and P381,063, respectively. These advances have no fixed payment terms, unsecured, unguaranteed, expected to be settled in cash and are payable on demand; thus, they are all classified as current liabilities.

No provision for bad debts expense is recognized on due from related party as the Company believes the amount can be recovered in the near future.

The details showing the nature and amount of transactions under each category for the years ended March 31, 2017 and 2016 are as follows:

2017

Related party	**Relationship /category**		**Due from a related party**	**Due to related parties**	**Terms and conditions**
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2016	P-	P5,336,070	Interest-bearing, unsecured, 0.8% p.a. payable on demand
		Advances	-	14,411,107	
		Interest	-	161,532	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	-	19,908,709	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2016	-	4,830,477	Interest-bearing, unsecured, 8% p.a. payable on demand
		Advances	-	-	
		Interest	-	381,063	
		Collection	-	-	
		Payments	-	(67,177)	
		Balance at March 31, 2017	-	5,144,363	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2016	-	-	Non-interest-bearing, unsecured, payable on demand
		Advances	-	1,477,650	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	-	1,477,650	
Quess Recruit	Entity under common control	Balance at April 1, 2016	-	-	Non-interest-bearing, unsecured, payable on demand
		Advances	1,413,921	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2017	1,413,921	-	
			P1,413,921	**P26,530,722**	

		2016			
Related party	**Relationship /category**		**Due from a related party**	**Due to related parties**	**Terms and conditions**
Quess Corp. Holding Pte. Ltd. (Singapore)	Entity under common control	Balance at April 1, 2015	P-	P9,156,054	Interest-bearing, unsecured, 0.8% p.a. payable on demand
		Advances	-	-	
		Interest	-	-	
		Collection	-	-	
		Payments	-	(3,819,984)	
		Balance at March 31, 2016	-	5,336,070	
Quess Corp. (USA), Inc.	Entity under common control	Balance at April 1, 2015	-	-	Interest-bearing, unsecured, 8% p.a. payable on demand
		Advances	-	4,830,477	
		Interest	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	4,830,477	
Quess Global (Malaysia)	Entity under common control	Balance at April 1, 2015	-	-	Non-interest-bearing unsecured, payable on demand
		Advances	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	-	
Quess Recruit	Entity under common control	Balance at April 1, 2015	-	-	Non-interest-bearing unsecured, payable on demand
		Advances	-	-	
		Collection	-	-	
		Payments	-	-	
		Balance at March 31, 2016	-	-	
			-	P10,166,547	

Compensation of key management personnel for the fiscal years ended March 31, 2017 and 2016 amounted to P3,552,790 and P1,636,335, respectively.

NOTE 19 – CONTINGENCIES AND COMMITMENTS

The Company leases its office space with a term of one (1) year and is renewable every year under the same terms and conditions upon agreement. Rental expense incurred by the Company for the years ended March 31, 2017 and 2016 amounted to P937,410 and P1,127,192, respectively (Note 16).

NOTE 20 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

A. REVENUE REGULATIONS (RR) NO. 15-2010

In compliance with the requirements of RR No. 15-2010 issued on November 25, 2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended March 31, 2017:

1. Net sales/receipts and output VAT declared in the Company's VAT returns for 2016

   Details of the Company's gross sales/receipts of output VAT are as follows:

	Gross sales/receipts	Output VAT
Sales - taxable	P68,073,442	P8,168,813

   Total sales per Company's book for the year ended March 31, 2017 amounted to P86,923,434. The difference from the total sales per VAT return amounting to P18,849,992 pertains to uncollected sales. Sales for VAT purposes are based on collection in the kind of industry that the Company operates.

2. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on compensation and benefits	P6,408,494
Creditable withholding taxes	1,216,312
Expanded withholding taxes	131,074
	P7,755,880

3. Taxes and licenses

a. Local	
Other local taxes	P539,607
Community tax certificate	10,500
Mayor's permit	5,000
b. National	
BIR annual registration	500
	P555,607

4. Tax cases/assessments

   As at March 31, 2017, the Company has no pending tax court cases and has not received any tax assessment notice from the BIR.

B. REVENUE REGULATIONS NO. 19-2011

RR No. 19-2011 was issued on December 9, 2011 to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with Calendar Year 2011, and to modify Revenue Memorandum Circular No. 57-2011. Pursuant to Section 244 in relation to Sections 6(H), 51(A)(1), and 51(A)(2) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations prescribed to revise BIR Form Nos. 1700, 1701 and 1702 to reflect the changes in information requested from the said BIR Forms and to enable the said forms to be read by an Optical Character Reader.

RR No. 2-2014 dated January 24, 2014 was issued to prescribe the new BIR forms that will be used for income tax returns filings covering and starting the taxable year ended December 31, 2013. Pursuant to Section 244, in relation to Sections 6(H), 51(A)(1) and 51(A)(2) of the Tax Code, as amended, these Regulations are issued to prescribe the use of revised income tax forms with bar codes, and to reflect the changes in information required from said forms. This will also enable the said forms to be read by an OCR for ease in scanning.

Under Guidelines and Instructions of BIR Form No. 1702, page 4, the following schedules are prescribed under existing revenue issuances which must form part of the Notes to the Audited Financial Statements:

1. Revenues

	2017
Revenue	**P86,923,434**

2. Cost of services

	2017
Salaries and wages	**P48,312,637**
SSS/Philhealth/Pag-ibig premium	**4,223,810**
Other employee benefits	**2,760,998**
13th month pay	**1,945,404**
Incentive leave	**99,127**
Transportation and travel	**500**
	P57,342,476

3. Ordinary allowable itemized deductions

	2017
Salaries and wages	**P7,681,917**
Professional fees	**1,664,037**
Other employee benefits	**983,346**
Interest paid	**939,588**
Rent expense	**937,410**
Other losses	**902,763**
Transportation and travel	**681,185**
Communication	**638,108**
Taxes and licenses	**555,607**
13th month pay	**547,949**
Log in expense	**544,314**
Software expense	**430,000**
SSS/Philhealth/Pag-ibig contribution	**375,505**
Incentives	**350,852**
Utilities	**255,195**
Depreciation expenses	**248,747**
Advertising	**233,548**
Bank charges	**144,268**
Audit fees	**120,000**
Association dues	**100,800**
Recruitment expense	**93,717**
Training and allowances	**72,972**
Stationery and office supplies	**72,702**
Meal and transportation	**59,484**
Repairs and maintenance	**39,920**
Courier fee	**36,936**
Pantry supplies	**25,642**
Employee relations	**13,879**
Miscellaneous expenses	**235,983**
	P18,986,374

4. Taxes and licenses

Details of taxes and licenses are disclosed in section A of this note.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 APRIL 2016 TO 31 MARCH 2017

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QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 27 APRIL 2016 TO 31 MARCH 2017

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited [Formerly known as Randstad Lanka (Private) Limited]

1 We have audited the accompanying financial statements of Quess Corp Lanka (Private) Limited, which comprise the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the period from 27 April 2016 to 31 March 2017, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 3 to 24.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these special purpose financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and as per requirement of the board of directors of Quess Corp Lanka (Private) Limited for purposes of providing information to Quess Corp Limited to enable it to prepare consolidated financial statements of the group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

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

Opinion

6 In our opinion, the special purpose financial statements give a true and fair view of the financial position of Quess Corp Lanka (Private) Limited as at 31 March 2017, and its financial performance and its cash flows for the period from 27 April 2016 to 31 March 2017 in accordance with Sri Lanka Accounting Standards.

Independent auditor's report continued on page 2

Independent auditor's report

To the board of directors of Quess Corp Lanka (Private) Limited [Formerly known as Randstad Lanka (Private) Limited] (Contd)

Basis of preparation and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of accounting. This special purpose financial statements have been prepared for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group as at 31 March 2017. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited and should not be distributed to or used by parties other than the board of directors of Quess Corp Lanka (Private) Limited and Quess Corp Limited.

CHARTERED ACCOUNTANTS

COLOMBO

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of comprehensive income

(all amounts in Sri Lanka Rupees)

	Note	27 April to 31 March 2017	1 January to 26 April 2016
Revenue	7	72,864,305	20,134,154
Administrative expenses	8	(39,403,692)	(35,327,063)
Operating profit/(loss)		33,460,613	(15,192,909)
Other Operating Income	9	43,802,493	Nil
Net finance income	10	985,136	444,149
Profit/(loss) before income tax		78,248,242	(14,748,760)
Income tax expense	11	(12,608,539)	(1,284,606)
Profit/(loss) for the year		**65,639,703**	**(16,033,366)**
Other comprehensive income/(loss)		Nil	Nil
Total comprehensive income/(expense)		**65,639,703**	**(16,033,366)**
Earnings/(loss) per share	12	**53.97**	**(13.18)**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Note	As at 31 March 2017	As at 26 April 2016
ASSETS			
Non-current assets			
Property, plant and equipment	13	778,903	644,098
Intangible assets	14	Nil	Nil
Deferred income tax assets	19	6,878,848	1,586,199
		7,657,751	2,230,297
Current assets			
Trade and other receivables	15	122,394,427	90,389,737
Current income tax receivable	22	Nil	1,496,380
Cash and cash equivalents	16	64,064,979	44,543,464
		186,459,406	136,429,581
Total assets		**194,117,157**	**138,659,878**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	18	12,162,840	12,162,840
Retained earnings		116,832,941	51,193,238
		128,995,781	63,356,078
Non-current liabilities			
Defined benefit obligations	20	17,650,218	12,322,931
		17,650,218	12,322,931
Current liabilities			
Trade and other payables	21	32,286,704	62,980,869
Current income tax payable	22	15,184,454	Nil
		47,471,158	62,980,869
Total liabilities		**65,121,376**	**75,303,800**
Total equity and liabilities		**194,117,157**	**138,659,878**

I certify that these financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards.

....
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements were authorised for issue by Board of Directors on ....

.... } **Directors**

....

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of changes in equity

(all amounts in Sri Lanka Rupees)

	Stated capital	Retained earnings	Total
Balance at 1 January 2016	12,162,840	67,226,604	79,389,444
Loss for the period	Nil	(16,033,366)	(16,033,366)
Other comprehensive income	Nil	Nil	Nil
Total comprehensive expense	Nil	(16,033,366)	(16,033,366)
Balance at 26 April 2016	**12,162,840**	**51,193,238**	**63,356,078**
Balance at 27 April 2016	12,162,840	51,193,238	63,356,078
Profit for the period	Nil	65,639,703	65,639,703
Other comprehensive income	Nil	Nil	Nil
Total comprehensive income	Nil	65,639,703	65,639,703
Balance at 31 March 2017	**12,162,840**	**116,832,941**	**128,995,781**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Note	27 April to 31 March 2017	1 January to 26 April 2016
Cash flows from operating activities			
Cash generated from operations	23	20,910,878	21,585,434
Net finance income received	10	985,136	444,149
Income tax paid		(1,220,353)	Nil
Retirement benefit obligation paid		(619,974)	Nil
Net cash generated from operating activities		**20,055,687**	**22,029,583**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(534,172)	Nil
Net cash used in investing activities		**(534,172)**	**Nil**
Increase in cash and cash equivalents		**19,521,515**	**22,029,583**
Movement in cash and cash equivalents			
At beginning of the year		44,543,464	22,513,881
Increase		19,521,515	22,029,583
At end of the year	16	**64,064,979**	**44,543,464**

The notes on pages 7 to 24 form an integral part of these financial statements.

Independent auditor's report - pages 1 and 2

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

The Company is a limited liability company incorporated in Sri Lanka and approved under section 16 of the BOI law. The company has been incorporated on 09 February 2004 and has its registered office at 7th Floor, BOC Merchant Tower, 28 St. Michael's Road, Colombo 03. The Company was formerly known as Randstad Lanka (Private) Limited and was acquired by Quess Corp Holdings PTE Ltd with effect from 26 April 2016. The company is engaged in the business of providing human resource services to clients.

Quess Corp Lanka (Private) Limited is a 100% subsidiary company of Quess Corp Holdings PTE Ltd, a company incorporated in Singapore while Ultimate Parent of the company is Quess Corp Limited, a company incorporated in India.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared by the management for purposes of providing information to Quess Corp Limited to enable it to prepare the consolidated financial statements of the group. The financial statements cover the period from 27 April 2016 to 31 March 2017. Comparative figures are for the period from 1 January 2016 to 26 April 2016 and, therefore, the amounts presented in the financial statements are not entirely comparable.

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (LKASs and SLFRSs). The financial statements are prepared under the historical cost basis.

The preparation of financial statements in conformity with SLFRS/LKAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.3 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated on a straight line method to write off the cost of each asset to their residual values over their estimated useful lives or the lease term, whichever is lower.

	%
Office equipment	25
Furniture and fittings	25
Computer equipment	25

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

2.4 Intangible assets

Intangible assets wholly consist of computer software. Acquisition cost of computer software is capitalised and amortised using the straight-line method over the useful life of three years.

2.5 Impairment of non financial assets

Assets that have an indefinite useful life that intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

There were no financial assets other than loans and receivables at the balance sheet date.

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 are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date in which case classified as non-current assets.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.6.2 Recognition and measurement of financial asset

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

During the reporting period, the Company did not record any financial assets that were available for sale or fair value through profit or loss or held to maturity.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - *(i)* adverse changes in the payment status of borrowers in the portfolio; and
  - *(ii)* national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.8 Impairment of financial assets (Contd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 Financial liabilities

The Company's financial liabilities include trade and other payables. All other financial liabilities except for financial liabilities at fair value through profit or loss are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.12 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.13 Employee benefits

(a) Defined benefit plan - gratuity

Provision has been made for retirement gratuities from the first year of services for all employees in conformity with LKAS 19. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability has not been externally funded nor actuarially valued.

(b) Defined contribution plan

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Revenue recognition

The revenue represents all billings made during the accounting period. The company is not in the practice of accounting for work-in-progress.

Revenue is recognised upon performance of service. Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

In agency relationships, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

2.16 Current and deferred income taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

2.17 Stated capital

The Ordinary shares are classified under the stated capital.

2.18 Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company recognises contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

3 Financial risk management

3.1 Financial risk factors

The Company is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks, liquidity risks and investment risks. Based on our economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

(a) *Market risk*

(i) *Foreign exchange risk*

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the Sri Lankan Rupee (LKR) against the US Dollar (USD). The company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances and trade and other payables are denominated in foreign currencies.

The Company's Financial Statements which are presented in Sri Lankan Rupees, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the company's pricing of services rendered and cost incurred in foreign currencies. In particular, weakening of the Sri Lankan Rupee against the US Dollar can have adverse effects on the company's operating results through its impact on overheads incurred in Sri Lanka .

The table below shows the Company's sensitivity to reasonable possible change in exchange rate of LKR against USD, assessed by the Company, while all other variables are held constant. The USD is the major currency in which Company's financial instruments are denominated after the Company's presentation and document currency - LKR. The impact of the movement in exchange rates on equity is given in the table below.

	Increase in income LKR 2017	Increase in income LKR 2016
10% depreciation (2016 - 10% depreciation) of the LKR against USD	46,308	42,098
Net decrease in income	**46,308**	**42,098**

(ii) Interest rate risk

The Company's interest rate risk arises from short - term borrowings. Borrowings issued at variable rates expose the company to interest rate risk which is determined by the Government Bond rate of the country in which the lender is domiciled.

(b) *Credit risk*

The credit risk arises from trade and other receivables. Refer Note 17(b) for further disclosures on credit risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

3 Financial risk management (Contd)

3.1 Financial risk factors (Contd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2017	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	16,621,869	Nil	16,621,869
	16,621,869	**Nil**	**16,621,869**

At 26 April 2016	Less than 1 year	Between 1 to 3 years	Total
Trade and other payables (excluding statutory liabilities)	44,337,845	Nil	44,337,845
	44,337,845	**Nil**	**44,337,845**

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company assesses solvency prior to declaration of dividend to maintain the dividend ratio. In addition the Company may adjust intercompany receivables and payables in managing capital and solvency.

3.3 Fair value estimation

The Company had no financial instruments measured at fair value.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) *Impairment of trade receivable*

The Company assesses at the date of the balance sheet whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of current status of existing receivable and historical collection experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

4 Critical accounting estimates and judgments (Contd)

(b) Provisions

The Company recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Company's current best estimate.

5 Changes in comparatives

Where necessary, comparative figures have been re-classified since management believes such reclassification gives a fairer presentation and conforms with the current year's presentation. Comparative figures are for the period from 1 January 2016 to 26 April 2016.

6 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

7 Revenue

	2017	2016
Recruitment fee	5,881,284	336,567
Contract staffing	66,920,990	19,797,587
Facility management service	62,031	Nil
	72,864,305	**20,134,154**

8 Expenses by nature

	2017	2016
Directors' emoluments	Nil	Nil
Auditors' remuneration - audit fee	700,000	175,554
- non-audit fee	Nil	50,000
Depreciation on property, plant and equipment (Note 13)	399,366	88,188
Amortisation on intangible assets (Note 14)	Nil	Nil
Staff costs (Note 8.1)	27,906,256	10,014,606
Consultancy charges	89,169	86,837
Rent - Office	3,276,486	1,098,922
Provision/(release) for impairment of trade receivables	200,751	21,113,647
Utilities	1,557,476	446,501
Rates and taxes	219,706	280,669
Travelling expenses - Local	1,345,219	237,912
Travelling expenses - Foreign	Nil	Nil
Advertisement	854,511	17,660
Printing and stationery	405,432	170,281
Database login charges	Nil	41,724
Insurance	1,672,091	1,006,258
Maintenance expenses	474,935	161,048
Other expenses	302,294	337,256
Total administrative expenses	**39,403,692**	**35,327,063**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

8.1 Staff costs

	2017	2016
Salaries and wages	19,372,711	4,473,973
Defined contribution plans	1,312,827	342,580
Defined benefit obligations (Note 20)	5,947,261	2,731,822
Leave encashment	Nil	1,291,868
Staff incentive	879,195	430,684
Staff welfare	394,262	743,679
	27,906,256	**10,014,606**

Average monthly number of persons employed by the Company during the period:

Full time	17	13

9 Other operating income

	2017	2016
Reversal of trade payables	43,802,493	Nil
	43,802,493	**Nil**

Other operating income includes amounts arising due to reversal of trade payables pertaining to Company's related party under former ownership, Randstad India (Pvt) Ltd.

10 Net finance (income)/costs

	2017	2016
Bank charges	648,902	111,837
Net exchange loss/(gain)	(1,688,736)	(555,986)
Interest epenses	54,698	Nil
	(985,136)	**(444,149)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

11 Income tax expense

	2017	2016
Current income tax	16,823,324	1,284,606
Under provision in respect of previous year	Nil	Nil
Deemed dividend tax	Nil	Nil
Under provision of deemed dividend tax in respect of previous year	1,077,864	Nil
Deferred income tax credit (Note 19)	(5,292,649)	Nil
Income tax expense	**12,608,539**	**1,284,606**

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic rate of the Company as follows:

	2017	2016
Profit before income tax	78,248,242	(14,748,760)
Tax calculated at tax rate of 10% (2016 - 12%)	3,163,612	(1,865,718)
Tax calculated at tax rate of 28% (2016 - 12%)	13,051,395	Nil
Tax effects of:		
- Expenses not deductible for tax purposes	3,422	Nil
- Recognition of previously unrecognized deferred taxes	(4,687,754)	3,150,324
- Adjustment in respect of prior periods	Nil	Nil
- Under provision of income tax	Nil	Nil
- Deemed dividend tax	Nil	Nil
- Under provision of deemed dividend tax in respect of previous year	1,077,864	Nil
Income tax expense	**12,608,539**	**1,284,606**

The tax rate applicable to profits and income on taxable profit from supply of labour is 10% (2016- 10%).

12 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of shares in issue during the year, as follows:

	2017	2016
Net profit/(loss) attributable to shareholders	65,639,703	(16,033,366)
Weighted average number of ordinary shares in issue	1,216,284	1,216,284
Earnings/(loss) per share	**54**	**(13)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

13 Property, plant and equipment

	Office equipment	Furniture and fittings	Computer equipment	Total
At 1 January 2016				
Cost	705,783	332,465	2,680,311	3,718,559
Accumulated depreciation	(617,894)	(292,341)	(2,076,039)	(2,986,274)
Net book amount	**87,889**	**40,124**	**604,272**	**732,285**
Period ended 26 April 2016				
Opening net book amount	87,889	40,124	604,272	732,285
Additions	Nil	Nil	Nil	Nil
Depreciation charge (Note 8)	(8,750)	(6,120)	(73,318)	(88,188)
Closing net book amount	**79,139**	**34,004**	**530,954**	**644,097**
At 27 April 2016				
Cost	705,783	332,465	2,680,311	3,718,559
Accumulated depreciation	(626,644)	(298,461)	(2,149,357)	(3,074,462)
Net book amount	**79,139**	**34,004**	**530,954**	**644,097**
Period ended 31 March 2017				
Opening net book amount	79,139	34,004	530,954	644,097
Additions	Nil	Nil	534,172	534,172
Depreciation charge (Note 8)	(79,139)	(17,052)	(303,175)	(399,366)
Closing net book amount	**Nil**	**16,952**	**761,951**	**778,903**
At 31 March 2017				
Cost	705,783	332,465	3,214,483	4,252,731
Accumulated depreciation	(705,783)	(315,513)	(2,452,532)	(3,473,828)
Net book amount	**Nil**	**16,952**	**761,951**	**778,903**

Cost and accumulated depreciation include fully depreciated office equipment of Rs 133,140, furniture and fittings of Rs 259,025 and computer equipment of Rs 1,057,260 at at 31 March 2017.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

14 Intangible assets

	Computer software	Total
At 1 January 2016		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Period ended 26 April 2016		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 27 April 2016		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**
Period ended 31 March 2017		
Opening net book amount	Nil	Nil
Amortisation charge (Note 8)	Nil	Nil
Closing net book amount	**Nil**	**Nil**
At 31 March 2017		
Cost	677,633	677,633
Accumulated amortisation	(677,633)	(677,633)
Net book amount	**Nil**	**Nil**

Net book value consists of 'Sage UBS HRM System' for employee data management amounting to cost Rs 163,710 and accumulated depreciation Rs 163,710; and ' Sage UBS Payroll System' for employee salary recording amounting to cost Rs 96,390 and accumulated depreciation Rs 96,390. Cost and accumulated depreciation include fully depreciated computer software amounting to Rs 677,633.

15 Trade and other receivables

	2017	2016
Trade receivables	147,793,581	104,019,747
Less: provision for impairment of trade receivables	(27,711,315)	(27,711,315)
Trade receivables - net	120,082,266	76,308,432
Prepayments	828,381	2,554,387
Deposits	1,483,780	1,483,780
Other receivables	Nil	10,043,138
	122,394,427	**90,389,737**

As of 31 March 2017, trade receivables of Rs 84,057,586 (26 April 2016 : 54,920,781) were fully performing.

As of 31 March 2017, trade receivables of Rs 36,024,680 (26 April 2016 : 21,387,651) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:

15 Trade and other receivables (Contd)

	2017	2016
Up to 3 months	Nil	Nil
3 to 6 months	36,024,680	21,387,651
	36,024,680	**21,387,651**

As of 31 March 2017, trade receivables of Rs 27,711,315 (26 April 2016 : Rs 27,711,315) were fully impaired. The amount of the provision was Rs 27,711,315 as of 31 March 2017 (26 April 2016 : Rs 27,711,315). The individually impaired receivables mainly relate to invoices outstanding more than 182 days. (26 April 2016 - more than 90 days). The aging of these receivables is as follows:

	2017	2016
Up to 3 months	Nil	Nil
3 to 6 months	Nil	27,711,315
More than 6 months	27,711,315	Nil
	27,711,315	**27,711,315**

The directors consider the carrying amount of the balance approximates its fair value. The carrying amounts of trade and other receivables are denominated in Sri Lanka Rupees.

Movement of the provision for impairment of trade receivables are as follows:

	2017	2016
At period beginning	27,711,315	6,597,668
Provision/(release) for the year	Nil	21,113,647
At period end	**27,711,315**	**27,711,315**

The creation and release of the provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Deposits mainly consist of refundable deposit made on building rent amounting to Rs 1,066,000 (26 April 2016 - Rs 1,066,000). Further information in this regard is disclosed in Note 26(b).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

16 Cash and cash equivalents

	2017	2016
Cash at bank	64,064,979	44,438,033
Cash in hand	Nil	105,431
Cash at bank and in hand	**64,064,979**	**44,543,464**

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise of the following:

	2017	2016
Cash at bank and in hand	64,064,979	44,543,464
Overdraft	Nil	Nil
	64,064,979	**44,543,464**

17 (a) Financial instruments by category

31 March 2017 **Assets as per balance sheet**	**Loans and receivables**	**Total**
Trade and other receivables (excluding prepayments)	121,566,046	121,566,046
Cash and cash equivalents (Note 16)	64,064,979	64,064,979
	185,631,025	**185,631,025**

31 March 2017 **Liabilities as per balance sheet**	**Other financial liabilities**	**Total**
Trade and other payables (excluding statutory liabilities)	16,621,869	16,621,869
	16,621,869	**16,621,869**

26 April 2016 **Assets as per balance sheet**	**Loans and receivables**	**Total**
Trade and other receivables (excluding prepayments)	87,835,350	87,835,350
Cash and cash equivalents (Note 16)	44,543,464	44,543,464
	132,378,814	**132,378,814**

26 April 2016 **Liabilities as per balance sheet**	**Other financial liabilities**	**Total**
Trade and other payables (excluding statutory liabilities)	44,337,845	44,337,845
	44,337,845	**44,337,845**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

17 (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2017	2016
Trade receivables		
Counterparties without external credit rating		
Group 1	90,608,371	86,694,010
Group 2	29,473,895	10,505,189
Total unimpaired trade receivables	**120,082,266**	**97,199,199**

	2017	2016
Cash at bank		
AA(lka)	37,696,548	3,434,698
BB	Nil	Nil
AAA(lka)	26,368,431	41,003,334
BB+	Nil	Nil
Total	**64,064,979**	**44,438,032**

- *Group 1 - Fully performing trade receivables (T to T + 3)*
- *Group 2 - Past due and not impaired (More than T to T + 3 but not impaired)*

18 Stated capital

	Ordinary shares	
	Number of shares	**Value**
Issued and fully paid		
At 26 April 2016	1,216,284	12,162,840
At 31 March 2017	**1,216,284**	**12,162,840**

19 Deferred income tax assets

Deferred income taxes are calculated on all temporary differences under the liability method using a weighted average tax rate of 15% (2016 - 10%).

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

	2017	2016
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	(6,903,714)	(1,618,878)
- Deferred tax asset to be recovered within 12 months	Nil	Nil
Deferred tax liabilities		
- Deferred tax liability to be recovered after more than 12 months	14,761	27,850
- Deferred tax liability to be recovered within 12 months	10,105	4,829
Deferred tax liabilities / (assets) - net	**(6,878,848)**	**(1,586,199)**

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

19 Deferred income tax assets (Contd)

The gross movement of the deferred tax account is as follows:

	2017	2016
At 26 April 2016	(1,586,199)	(1,586,199)
Credit to income statement (Note 11)	(5,292,649)	Nil
At 31 March 2017	**(6,878,848)**	**(1,586,199)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities/(assets)	Accelerated tax depreciation	Retirement benefit obligations	Provision for impairment of receivables	Total
At 1 January 2016	32,679	(959,111)	(659,767)	(1,586,199)
Charge/(credit) to the income statement	Nil	Nil	Nil	Nil
At 26 April 2016	**32,679**	**(959,111)**	**(659,767)**	**(1,586,199)**
At 27 April 2016	32,679	(959,111)	(659,767)	(1,586,199)
Charge/(credit) to the income statement	(7,813)	(1,727,131)	(3,557,705)	(5,292,649)
At 31 March 2017	**24,866**	**(2,686,242)**	**(4,217,472)**	**(6,878,848)**

20 Defined benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	2017	2016
At 27 April 2016 / 1 January 2016	12,322,931	9,591,109
Payments made during the year	(619,974)	Nil
Charge for the year	5,947,261	2,731,822
At 26 April 2016/31 March 2017	**17,650,218**	**12,322,931**

21 Trade and other payables

	2017	2016
Trade payables	2,919,963	564,826
Payables to related parties (Note 26(d))	13,701,906	43,773,019
Accrued expenses and other payables	15,664,835	18,643,024
	32,286,704	**62,980,869**

Other payables mainly consist of Salary payable amounting to Rs 638,094 (26 April 2016 - Rs 2,686,633), EPF payable amounting to Rs 7,087,347 (26 April 2016 - Rs 9,164,643) and VAT payable amounting to Rs 2,753,636 (26 April 2016 - Rs 2,633,314).

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

22 Current income tax (receivables)/liabilities

	2017	2016
Income tax payable/(receivable)	15,184,454	(1,496,380)
	15,184,454	**(1,496,380)**

23 Cash generated from operations

Reconciliation of profit/(loss) before income tax to cash generated from operations:

	2017	2016
Profit/(loss) before income tax	78,248,242	(14,748,760)
Adjustments for:		
Net finance (income)/costs (Note 10)	(985,136)	(444,149)
Depreciation (Note 13)	399,366	88,188
Defined benefit obligations	5,947,261	2,731,822
Changes in working capital		
- (Increase)/decrease in trade and other receivables	(32,004,690)	31,770,024
- Increase/(decrease) in trade and other payables	(30,694,165)	2,188,309
Cash generated from operations	**20,910,878**	**21,585,434**

24 Contingent liabilities

There were no material contingent liabilities outstanding at the balance sheet date.

25 Commitments

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

26 Directors' interests in contracts and related party transactions

(a) The directors' interests in the shares of the Company on the balance sheet date were as follows:

	Number of shares	
	2017	2016
Name of the directors		
Mr. Vijay Sivaram	Nil	Nil
Mr. Guruprasad Srinivasan	Nil	Nil
Mr. Samik Basu	Nil	Nil

QUESS CORP LANKA (PRIVATE) LIMITED [FORMERLY KNOWN AS RANDSTAD LANKA (PRIVATE) LIMITED]

Notes to the financial statements (Contd)

26 Directors' interests in contracts and related party transactions (Contd)

(b) **Key management compensation**

Key management includes directors (executive and non executive), and other key management personnel. The compensation paid or payable to key management for employee services is shown here.

	2017	2016
Salaries and other short term employee benefits	**Nil**	**1,883,439**

(c) **Receivable from related parties**

	2017	2016
Receivable from General Manager	1,066,000	1,066,000
	1,066,000	**1,066,000**

(d) **Payable to related parties**

	2017	2016
Ma Foi Global Search Services Ltd.(RESL)	Nil	3,764,208
Ma Foi Management Consultants Ltd.(Randstad India Ltd)	Nil	40,008,811
Quess Holdings PTE Ltd	13,701,906	Nil
	13,701,906	**43,773,019**

Payables to related parties include payable balances pertaining to Company's related parties under former ownership, Randstad India (Pvt) Ltd. The balances have been reversed and credited to the income statement during the period and shown under other operating income.

(e) **Transactions with related parties**

	2017	2016
Quess Holdings PTE Ltd		
Proceeds from short term loan	13,020,582	Nil
Translation of short term loan	626,626	Nil
Provision for Interest on short term loan facility	54,698	Nil
	13,701,906	**Nil**

27 Events after the reporting period

No significant events have occurred since the balance sheet date, which would require adjustments to, or disclosure in the financial statements.

QUESSCORP HOLDINGS PTE. LTD.
(Company Registration No.: 201526129N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

企业会计师事务所有限公司
Enterprise Assurance PAC
Chartered Accountants

TRUE NORTH GROUP
Member of the TNG Global Alliance

QUESSCORP HOLDINGS PTE. LTD.
(Company Registration No.: 201526129N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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QUESSCORP HOLDINGS PTE. LTD.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors are pleased to present their statement to the member of Quesscorp Holdings Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date;

(b) at the date of this statement, with the continuing financial support from the holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

2. DIRECTORS

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

Subrata Kumar Nag
Ajit Abraham Isaac
Jur Keckeis Roman Werner
Sandro Lang

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS’ INTEREST IN SHARES AND DEBENTURES

According to the register of directors’ shareholdings, none of the directors of the Company holding office at the end of the financial year had interest in the shares or debentures of the Company or any related corporations, either at the beginning of the financial year or at the end of the financial year.

5. SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued 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. INDEPENDENT AUDITORS

The independent auditors, Enterprise Assurance PAC, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

………………………………………
Subrata Kumar Nag
Director

………………………………………
Ajit Abraham Isaac
Director

Date: 15 May 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF
QUESSCORP HOLDINGS PTE. LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Quesscorp Holdings Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended on that date, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Company 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 Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the financial year then 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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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 on the other information that we obtained prior to the date of this auditors' report, 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 AUDITORS' REPORT

**TO THE MEMBER OF
QUESSCORP HOLDINGS 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 FRSs, 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.

Auditors' 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 auditors' 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 judgement and maintain professional skepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF
QUESSCORP HOLDINGS PTE. LTD.

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (cont'd)

(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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) 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 director 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.

Enterprise Assurance PAC
Public Accountants and
Chartered Accountants

Singapore

15 May 2017

60 Eu Tong Sen Street, #03-11 Furama City Centre, Singapore 059804
Co. Reg. No. 201135879G | Tel: (65) 6438 4958/59 | www.eapac.com.sg

QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017	2016
		$	$
ASSETS			
Non-current assets			
Investment in subsidiaries	5	54,199,520	180,158
Investment in joint venture	6	15,868	-
Other investment	7	424,222	424,222
		54,639,610	604,380
Current assets			
Loan receivables	8	6,273,346	1,581,396
Other receivables	9	86,337	24,000
Cash and bank balances	10	880,840	70,287
		7,240,523	1,675,683
Total assets		61,880,133	2,280,063
EQUITY AND LIABILITIES			
Equity			
Share capital	11	12,332,075	2,308,450
Accumulated losses		(119,500)	(32,387)
		12,212,575	2,276,063
Non-current liabilities			
Bank loan	12	20,277,734	-
Other payable	13	23,903,905	-
		44,181,639	-
Current liabilities			
Bank loan	12	2,900,850	-
Other payables	13	2,585,069	4,000
		5,485,919	4,000
Total equity and liabilities		61,880,133	2,280,063

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Revenue		-	-
Other income	14	63,419	24,000
Finance cost	15	(123,073)	-
Other expenses		(27,459)	(56,387)
Loss before income tax	16	(87,113)	(32,387)
Income tax	17	-	-
Loss for the financial year/period, representing total comprehensive loss for the financial year/period		(87,113)	(32,387)

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital $	Accumulated losses $	Total $
As at 16 June 2015 (date of incorporation)	11	1,000	-	1,000
Issue of shares	11	2,307,450	-	2,307,450
Total comprehensive loss for the financial period		-	(32,387)	(32,387)
As at 31 March 2016		2,308,450	(32,387)	2,276,063
Issue of shares	11	10,023,625	-	10,023,625
Total comprehensive loss for the financial year		-	(87,113)	(87,113)
As at 31 March 2017		12,332,075	(119,500)	12,212,575

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

QUESSCORP HOLDINGS PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01.04.2017 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Operating activities			
Loss before income tax		(87,113)	(32,387)
Adjustments for:			
Foreign exchange (gain)/loss		(1,082)	47,116
Interest expense		123,073	-
Interest income		(62,337)	(24,000)
Operating cash flows before working capital changes		(27,459)	(9,271)
Change in working capital:			
Other payable		1,000	4,000
Net cash used in operating activities		(26,459)	(5,271)
Investing activities			
Investment in subsidiaries		(27,640,758)	(180,158)
Investment in joint venture		(15,868)	-
Other investments		-	(424,222)
Loan receivables		(4,755,761)	(1,628,512)
Net cash used in investing activities		(32,412,387)	(2,232,892)
Financing activities			
Interest paid		(23,004)	-
Pledge of bank balances		(811,822)	-
Proceeds from bank loan		23,107,871	-
Proceeds from issuance of shares		10,023,598	2,308,450
Net cash from financing activities		32,296,643	2,308,450
Net change in cash and cash equivalents		(142,203)	70,287
Effect of exchange rate changes in cash and cash equivalents		140,934	-
Cash and cash equivalents at beginning of financial year/period		70,287	-
Cash and cash equivalents at end of financial year/period	10	69,018	70,287

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

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

1. GENERAL INFORMATION

Quesscorp Holdings Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in the Republic of Singapore. The address of the Company's registered office is at 8 Temasek Boulevard, #32-01 Suntec Tower Three, Singapore 038988.

The Company is a wholly-owned subsidiary of Quess Corp Limited, a company incorporated in India, which is its immediate and ultimate holding company.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Notes 4 to the financial statements.

2. GOING CONCERN

For the financial year ended 31 March 2017, the Company has net loss of $87,113 (16.06.2015 to 31.03.2016: $32,387) and net cash used in operating activities of $26,459 (16.06.2015 to 31.03.2016: $5,271). Notwithstanding the above, the financial statements of the Company have been prepared on a going concern basis, as the holding company has committed to provide continuing financial support to the Company to enable it to continue operating as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of preparation (cont'd)

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company 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 financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 4.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Company, except as explained in Note 3.3, which addressed changes in accounting policies.

3.2 Basis of consolidation

These financial statements are separate financial statements of Quesscorp Holdings Pte. Ltd. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Quess Corp Limited (QCL), a company incorporated in India.QCL produces consolidated financial statements available for public use. The registered office of QCD, where those consolidated financial statements can be obtained is at Quess House, 3/3/2 Bellandur Gate, Sarjapur Road, Bangalore 560103, Karnataka, India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Changes in accounting policies

On 1 April 2016, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

Interpretations and amendments to published standards effective in 2016

Amendments to FRS 1 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments clarify the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will be subsequently be reclassified to profit or loss.

- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

The application of amendments to FRS 1 has not resulted in any impact on the financial performance or financial position of the Company.

Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*

FRS 27 requires an entity to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28. The accounting option must be applied by category of investments.

The Company accounts for its investment in subsidiaries, joint ventures and associates at cost. The application of amendments to FRS 27 has not resulted in any impact on the financial performance or financial position of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations

A number of new standards, amendments to standards and interpretations have been issued are not effective and have not been applied in preparing these financial statements.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments to FRS 7 require new disclosures about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;
(b) changes arising from obtaining or losing control of subsidiaries or other businesses;
(c) the effect of changes in foreign exchange rates;
(d) changes in fair values; and
(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

Amendments to FRS 7 are effective for accounting periods beginning on or after 1 January 2017. Early adoption is permitted. Management is currently evaluating the impact of the above amendments to FRS on the financial statements of the Company.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance included FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognizes revenue when (or as) as performance is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations (cont'd)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Either a full or modified retrospective application is required for accounting periods beginning on or after 1 January 2018 with early adoption permitted. The management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the Company performs a detailed review.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

  Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI).

  All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 New or revised accounting standards and interpretations (cont'd)

FRS 109 *Financial Instruments* (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Company anticipates that the application of FRS 109 may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 109 until the Company undertakes a detailed review.

INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

FRS 21 requires a foreign currency transaction to be recorded using spot exchange rate at the date of transaction. This interpretation clarifies that when an entity pays or receives consideration in advance in a foreign currency, the date of transaction for the purpose of determining the transaction rate on initial recognition of the related asset, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or liability (such as prepayment or deferred income) arising from the advance consideration. As such, no exchange gain will arise from the transfer of non-monetary asset or liability recognised for advance consideration to the related asset, expense or income at initial recognition. The interpretation applies to annual periods beginning on or after 1 January 2018, which an entity may elect to apply either retrospectively or prospectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Foreign currency

Presentation and functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company are presented in Singapore dollar which is the Company's functional currency.

Currency translation

Transactions in a currency other than Singapore dollar ("foreign currency") are translated into United States dollar 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.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.6 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle.
(ii) Held primarily for the purpose of trading.
(iii) Expected to be realised within twelve months after the reporting period.
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle.
(ii) It is held primarily for the purpose of trading.
(iii) It is due to be settled within twelve months after the reporting period.
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment in subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

3.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

The Company recognizes its interest in a joint venture as an investment. Investment in join venture is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, 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 costs to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 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 are presented as current assets, except for those expected to be realized later than 12 months after the end of the reporting period, which are presented as non-current assets. Loans and receivables include loans receivable, other receivable and cash and cash equivalents.

Loans and receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Loans and other receivable

Loans and other receivable are recognised at their original amounts which represents their fair values on initial recognition.

An allowance is made for uncollectible amounts when there is objective evidence that the Company will not be able to collect the debt. An estimate for doubtful debts is made when the collection of full amount is no longer probable. Bad debts are written off when identified.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate their fair value.

3.13 Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of asset does not exceed its amortised cost at the reversal date.

3.14 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3.16 Loans and borrowings

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

Borrowings which are due to be settled within 12 months after the reporting date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other borrowings that are due to be settled more than 12 months after the reporting date are presented as non-current borrowings in the statement of financial position.

3.17 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3.18 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date 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.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and when the specific criteria for each of the Company's activities are met as follows:

Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

3.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.22 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax is recognised as an expense or income in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Income taxes (cont'd)

Current tax

Current taxes are recognised in profit or loss except that tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.23 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the 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 Company or of a parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Related parties (cont'd)

(b) An entity is related to the Company if any of the following condition 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 others).
(ii) One of the entities 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 venture 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).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.24 Key management personnel

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

3.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

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

4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of non-financial assets

The Company performs annual impairment testing of non-financial assets, including investments in subsidiaries, joint ventures and other investment, with indications of impairment. The impairment testing of non-financial assets, including investments in subsidiary and joint venture, with indications of impairment requires an estimation of the asset's value in use. As at reporting date, the carrying amount of investments in subsidiaries, joint venture and other investment are disclosed in Notes 4, 5 and 6 to the financial statements.

(b) Impairment of loan receivables

The Company assess 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 Company 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. Actual results may differ from management's estimates. The carrying amounts of the Company's loans receivable from subsidiaries and related companies at the end of the reporting period are disclosed in Note 8 to the financial statements.

4.2 Judgments made in applying accounting policy

Management is of the opinion that any instance of application of judgment is not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation mentioned above.

5. INVESTMENT IN SUBSIDIARIES

	2017 $	2016 $
Unquoted shares at cost	54,199,520	180,158

Details of the subsidiaries are as follows:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Comtel Solutions Pte. Ltd. [(1)]	Singapore	Consultancy services	64	-
MFXchange Holdings, Inc [(2)]	USA	Information technology	51	51
Quessglobal Malaysia Sdn. Bhd.	Malaysia	Staffing	100	100
Randstad Lanka (Private) Limited	Sri Lanka	IT staffing	100	-

[(1)] Shares in this subsidiary is pledged to a bank for bank loan (Note 12).

[(2)] 49% equity interest in the subsidiary is held by a related company.

6. INVESTMENT IN JOINT VENTURE

The Company has 49% interest in the ownership and voting rights in a joint venture, Himmer Industrial Sdn. Bhd. This joint venture is incorporated in Malaysia and is a strategic venture in the business. The Company jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

7. OTHER INVESTMENTS

	2017 $	2016 $
Investment in sole establishments	424,222	424,222

This relates to an interest in sole establishments established in Dubai, in which the Company has neither control nor significant influence.

Other investments are stated at cost less accumulated impairment loss, if any.

8. LOAN RECEIVABLES

	2017 $	2016 $
Loan receivables from		
Subsidiaries	3,031,082	316,772
Related companies	3,242,264	1,264,624
	6,273,346	1,581,396

Loan receivables from subsidiaries and related companies are unsecured, bear interest at 2.25% (2016: 7.60%) per annum and are repayable upon demand in cash.

Loan receivables at the end of the reporting period are denominated in the following currencies:

	2017 $	2016 $
Singapore dollar	2,466,343	560,948
Malaysia ringgit	1,115,645	-
United States dollar	2,691,358	1,020,448
	6,273,346	1,581,396

9. OTHER RECEIVABLES

	2017 $	2016 $
Interest receivables from:		
Subsidiaries	43,334	7,260
Related companies	43,003	16,740
	86,337	24,000

9. OTHER RECEIVABLES (Cont'd)

Other receivables at the end of the reporting period are denominated in the following currencies:

	2017	2016
	$	$
Malaysia ringgit	18,478	-
Singapore dollar	31,164	7,503
United States dollar	36,695	16,497
	86,337	24,000

10. CASH AND BANK BALANCES

	2017	2016
	$	$
Cash at banks	880,840	70,287

Cash at banks earns interest at the prevailing bank interest rate.

Bank balances of $811,822 (2016: $Nil) are pledged in connection of bank loan obtained (Note 12).

Cash and bank balances at the end of the reporting period are denominated in the following currencies:

	2017	2016
	$	$
Singapore dollar	67,778	70,287
Sri Lankan rupee	1,240	-
United States dollar	811,822	-
	880,840	70,287

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	2017	2016
	$	$
Cash at banks	880,840	70,287
Less: Pledged bank balances	(811,822)	-
Cash and cash equivalents	69,018	70,287

11. SHARE CAPITAL

	2017		2016	
	No. of shares	$	No. of shares	$
Issued and fully paid				
At beginning of financial year/period	2,308,450	2,308,450	1,000	1,000
Issue of shares	10,023,576	10,023,576	2,307,450	2,307,450
At end of financial year/period	12,332,026	12,332,026	2,308,450	2,308,450

On 16 June 2015 (date of incorporation), 1,000 ordinary shares were issued for a total consideration of $1,000 in cash to the subscriber to the Memorandum and Articles of Association.

On 27 August 2015, the Company's issued 213,583 ordinary shares for a total consideration of $213,583 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 8 December 2015, the Company's issued 641,398 ordinary shares for a total consideration of $641,398 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 28 January 2016, the Company's issued 418,410 ordinary shares for a total consideration of $418,410 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 24 February 2016, the Company's issued 421,940 ordinary shares for a total consideration of $421,940 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 28 March 2016, the Company's issued 612,168 ordinary shares for a total consideration of $612,168 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 24 May 2016, the Company issued 1,518,505 ordinary shares for a total consideration of $1,518,505 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 26 August 2016, the Company issued 604,231 ordinary shares for a total consideration of $604,231 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 5 October 2016, the Company issued 613,497 ordinary shares for a total consideration of $613,497 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

11. SHARE CAPITAL (Cont'd)

On 18 November 2016, the Company issued 1,666,666 ordinary shares for a total consideration of $1,666,666 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 25 January 2017, the Company issued 416,743 ordinary shares for a total consideration of $416,743 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

On 13 February 2017, the Company issued 5,203,934 ordinary shares for a total consideration of $5,203,934 in cash to provide funds for investment in subsidiaries and loans to subsidiaries and related companies.

The newly issued ordinary shares ranked *pari passu* in all respects with the existing ordinary shares.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12. BANK LOAN

	2017 $	2016 $
Bank loan – secured	23,178,584	-
Disclosed as:		
- Non-current liability	20,277,734	
- Current liability	2,900,850	-
	23,178,584	-

Bank loan bears interest at 3 months Libor rate plus 2.50% per annum and is repayable in 8 instalments by 30 June 2016. The bank loan is secured by:
- Fixed and current assets of the Company excluding long-term investments;
- Undertaking from its holding company for non-disposal of shares of the Company;
- Investment in a subsidiary newly acquired during the financial year (Note 5);
- Bank accounts maintain with the bank (Note 10); and
- Corporate guarantee from its holding company.

Bank loan at the end of the reporting period is denominated in United States dollar.

13. OTHER PAYABLES

	2017 $	2016 $
Non-current:		
Contingent consideration [1]	23,903,905	-
Current:		
Accruals	5,000	4,000
Contingent consideration [1]	2,480,000	-
Interest payable	100,069	-
	2,585,069	4,000

[1] During the financial year, the Company entered into share purchase agreement to acquire the share capital of Comtel Solutions Pte. Ltd. ("Comtel"), a Singapore-based company engages mainly in consultancy service, from a third party ("Vendor") in 4 tranches as follows:

First tranche
320,000 shares (64% of equity interest) to be acquired on 14 February 2017.

Second tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2018.

Third tranche
55,000 shares (11% of equity interest) to be acquired on 31 March 2019.

Fourth tranche
70,000 shares (14% of equity interest) to be acquired at the option of the Vendor, on a date between 1 April 2019 to 31 March 2022.

As the acquisition of Comtel has been completed towards end of the financial year, the management has decided to avail the one year measurement period available as per FRS 103 for completing the purchase price allocation exercise. Accordingly, for the financial year ended 31 March 2017, the Company has provisionally allocated the purchase consideration.

Other payables at the end of the reporting period are denominated in the following currencies:

	2017 $	2016 $
Non-current:		
Singapore dollar	23,903,905	-
Current:		
Singapore dollar	2,485,000	4,000
United States dollar	100,069	-
	2,585,069	4,000

14. OTHER INCOME

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Foreign exchange gain	1,082	-
Interest income from subsidiaries	36,074	7,260
Interest income from related companies	26,263	16,740
	63,419	24,000

15. FINANCE COST

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Interest expense - bank loan	123,073	-

16. LOSS BEFORE INCOME TAX

The following item has been included in arriving at loss before income tax:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Foreign exchange gain/(loss)	1,082	(47,546)

There are no staff costs, directors' remuneration or key management personnel remuneration, for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016.

17. INCOME TAX

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Current tax	-	-

17. INCOME TAX (Cont'd)

The reconciliation between the income tax and the product of accounting loss multiplied by the applicable corporate tax rate for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016 are as follows:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Loss before income tax	(87,113)	(32,387)
Tax calculated at rate of 17% (2016: 17%)	(14,809)	(5,506)
Expenses not deductible for tax	14,993	5,506
Non-taxable income	(184)	-
	-	-

18. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties on terms between the parties during the financial year/period:

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
With subsidiaries		
Expenses paid on behalf of a subsidiary	257,062	-
Interest income from subsidiaries	36,074	7,260
Loans to subsidiaries	2,686,505	316,772
Payment received from a subsidiary	463,781	-
With related companies		
Expenses paid on behalf of a related company	132	-
Interest income from related companies	26,263	16,740
Loans to related companies	2,744,774	1,264,624
Payment received from a related party	471,029	-

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017 $	2016 $
Financial assets		
Loans and receivables, at amortised cost	7,240,523	1,675,683
Financial liabilities		
Financial liabilities, at amortised cost	5,485,919	4,000

(b) Financial risk management policies and objectives

The main areas of financial risks faced by the Company are credit risk, liquidity risk, interest rate risk and foreign currency risk. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures these risks.

The Company's risk management approach seeks to minimise the potential material adverse effects from these exposures.

Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Credit risk concentration

At the end of the reporting period, the Company has significant concentration of credit risk arising from loans receivables of $6,273,346 (2016: $1,581,396) from its subsidiaries and related companies. Further information on these financial assets is disclosed in Note 8 to the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

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

Credit risk management (cont'd)

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

There are no financial assets that are neither past due nor impaired.

(ii) Financial assets that are either past due or impaired

There are no financial assets that are either past due or impaired.

Liquidity risk management

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to finance its activities.

Analysis of financial instruments by remaining contractual maturities

The following table summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligation:

	One year or less $	Two to five years $	More than five years $	Total $
At 31 March 2017				
Financial liabilities				
Bank loan	2,900,850	20,284,980	-	23,178,584
Other payables	2,585,069	19,101,177	4,802,728	26,488,974
Total undiscounted financial liabilities	5,485,919	39,386,157	4,802,728	49,667,558
At 31 March 2016				
Financial liabilities				
Other payable	4,000	-	-	4,000
Total undiscounted financial liabilities	4,000	-	-	4,000

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

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

Interest rate risk management

The Company's exposure to changes in interest rates risk arises primarily from the Company's interest-bearing bank loan. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Company's policy is to obtain the most favourable rates available to manage interest expense.

Information relating to the Company's interest rate exposure on bank loan is disclosed in Note 12 of the financial statements.

Sensitivity analysis

In managing its interest rate risk, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, any prolonged adverse change in interest rate will have an impact on profit. For the bank loan, if interest rate had been 100 basis points lower/higher with all other variables held constant, the Company's profit before tax would have been $142,000 higher/lower.

The Company is not exposed to interest rate risk for financial period from 16 June 2015 (date of incorporation) to 31 March 2016.

Foreign currency risk management

The Company incurs foreign currency risk on transactions and balances that are denominated in currencies other than Singapore dollar ($). The Company does not have any formal policy with respect to foreign currency exposure but monitors it on an ongoing basis.

The Company's principal net foreign currency exposure mainly relates to United States dollar ("US$") for the financial period.

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

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

Foreign currency risk management (cont'd)

As at the reporting date, the carrying amounts of financial assets and financial liabilities denominated in United States dollar are as follows:

	2017 $	2016 $
Financial assets		
Loan receivables	2,691,358	1,020,448
Other receivables	36,695	16,497
Cash and bank balances	811,822	-
	3,539,875	1,036,945
Financial liabilities		
Bank loan	23,178,584	-
Other payables	100,069	-
	23,278,653	-
Net exposure	(19,738,778)	1,036,945

Sensitivity analysis for foreign exchange risk

If the $ changes against the US$ by 10% each respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset position for the Company for the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016 will be as follows:

	Increase / (decrease) in profit or loss	
	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
S$ against US$		
- Strengthened	197,388	(10,369)
- Weakened	(197,388)	10,369

19. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(c) Fair value

Fair value of financial instruments by classes that are not carried at fair value and which carrying amounts are reasonable approximation of fair value

The carrying amounts of loan receivables, other receivables, cash and cash equivalents and other payables are assumed to approximate their respective fair values due to the relatively short term maturity of these financial instruments.

The carrying value of bank loan approximate their fair values as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Company.

Liability measured at fair value

The fair value of contingent consideration is estimated based on significant unobservable inputs at the reporting date (Level 3 of fair value hierarchy).

(d) Capital risk management policies and objectives

The capital structure of the Company comprises only of issued capital, retained earning net of accumulated loss. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2017 and financial period from 16 June 2015 (date of incorporation) to 31 March 2016. The Company is not subjected to externally imposed capital requirements.

20. COMPARATIVE FIGURES

The financial statements cover the financial year ended 31 March 2017, whilst the comparative figures covered the financial period from 16 June 2015 (date of incorporation) to 31 March 2016. Hence, the financial statements may not be comparable.

21. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2017.

QUESSCORP HOLDINGS PTE. LTD.

DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	01.04.2016 to 31.03.2017 $	16.06.2015 to 31.03.2016 $
Revenue	-	-
Other income		
Foreign exchange gain	1,082	-
Interest income	62,337	24,000
	63,419	24,000
Finance cost		
Interest on bank loan	123,073	-
Other expenses		
Auditors' remuneration	5,000	4,000
Bank charges	6,657	772
Foreign exchange loss	-	47,546
Professional fees	15,802	4,069
	27,459	56,387
Loss before income tax	(87,113)	(32,387)

Financial Statements

QUESS CORP (USA), INC.

For the years ended March 31, 2017 and 2016

QUESS CORP (USA), INC.
FINANCIAL STATEMENTS

INDEX

LIGGETT
& WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

432 Park Avenue South, 10th Floor
New York, NY 10016 / (212) 481-3490

1500 Gateway Boulevard, Suite 202
Boynton Beach, FL 33426 / (561) 752-1721

Independent Auditors' Report

Board of Directors
Quess Corp (USA) Inc.

Report on the Financial Statements
We have audited the accompanying balance sheets of Quess Corp (USA) Inc. ("the Company" and wholly-owned subsidiary of Quess Corp Limited India) as of March 31, 2017 and 2016, and the related statements of operations, stockholders' (deficit) equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Adverse Opionion
As more fully describted in Note 1 to the accompanying financial statements, Investment in Unconsolidated Subsidiary, the Company has not consolidated Brainhunter Systems Limited and its subsidiaries (a wholly owned subsidiary). In our opinion, accounting principles generally accepted in the United States of America require such investment to be consolidated in these financial statements. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Adverse Opinion
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of Quess Corp (USA) Inc. as of March 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going conern. As discussed in Note 2 to the financial statements, the Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

Liggett & Webb P.A.

New York, New York
May 12, 2017

QUESS CORP (USA), INC.
BALANCE SHEETS
AS OF MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

Assets	2017	2016
Current assets:		
Cash and cash eqivalents	$ 20,566	$ 2,807
Total current assets	20,566	2,807
Long term assets:		
Investment in unconsolidated subsidiary	87,877	87,877
Due from affiliates	1,944,000	718,413
Other assets	-	1,200
	2,031,877	807,490
Total assets	$ 2,052,443	$ 810,297
Liabilities and Stockholder's (Deficit) Equity		
Current liabilities:		
Due to affiliates	$ 2,085,514	$ 660,050
Income tax payable	-	6,500
Total current liabilites	2,085,514	666,550
Stockholder's (deficit) equity		
Common stock, 200 shares authorized, 1 share issued and outstanding, no par value	100,000	100,000
Accumulated (deficit) earinings	(133,071)	43,747
Total stockholder's (deficit) equity	(33,071)	143,747
Total liabilities and stockholder's (deficit) equity	$ 2,052,443	$ 810,297

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Revenue		
Consulting Revenue	$ -	$ 440,403
Operating expenses		
General and administrative	41,149	303,446
Professional fees	139,438	64,282
Total operating expenses	180,587	367,728
Income (loss) from operations	(180,587)	72,675
Other income (expense):		
Interest income	28,999	-
Financing expenses	(25,230)	-
Income (loss) before provision for income taxes	(176,818)	72,675
Income taxes	-	28,500
Net income (loss)	$ (176,818)	$ 44,175

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY
FOR THE YEAR ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	Common Stock	Accumulated (Deficit) Earnings	Total
Balance at March 31, 2015	$ 100,000	$ (428)	$ 99,572
Net income	-	44,175	44,175
Balance at March 31, 2016	100,000	43,747	143,747
Net loss	-	(176,818)	(176,818)
Balance at Mar 31, 2017	$ 100,000	$ (133,071)	$ (33,071)

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(See Independent Auditors' Report)

	2017	2016
Cash flows from operating activities:		
Net income (loss)	$ (176,818)	$ 44,175
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Increase (Decrease) in :		
Income taxes payable	(6,500)	6,500
Other asset	1,200	-
Net cash (used in) provided by operating activities	(182,118)	50,675
Cash flows from investing activities:		
Advances paid to affiliates	(1,225,587)	(623,413)
Invesment in unconsolidated subsidiary	-	(87,828)
Net cash used in investing activities	(1,225,587)	(711,241)
Cash flows from financing activities:		
Advances received from affiliates	1,425,464	658,298
Net cash provided by financing actitities	1,425,464	658,298
Net increase (decrease) in cash and cash equivalents	17,759	(2,268)
Cash and cash equivalents, beginning	2,807	5,075
Cash and cash equivalents, ending	$ 20,566	$ 2,807
Cash paid for income taxes	$ 6,500	$ 22,000
Cash paid for interest	$ -	$ -

See the accompanying notes to the financial statements.

QUESS CORP (USA), INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and organization

Quess Corp (USA) Inc., Formerly known as Magna InfoTech Inc.,("the Company"), a Delaware corporation and wholly owned subsidiary of Quess Corp Limited (India), was incorporated on November 19, 2013. On March 23, 2015, the Company changed its name to Quess Corp (USA), Inc.

Investments in Nonconsolidated Subsidiary

Effective April 15, 2015, the Company acquired fifty-one percent (51%) interest in Brainhunter Systems Limited. As of March 31, 2017 and 2016, the carrying value of this investment was $87,877.

Accounting principles generally accepted in the United States requires that, typically majority-owned subsidiaries should be consolidated in the financial statements. The Company has not consolidated Brainhunter Systems Limited and its subsidiaries. The investment in Brainhunter Systems Limited is accounted for on a cost basis. Had Brainhunter Systems Limted been consolidated, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to consolidate have not been determined.

Use of estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ significantly from these estimates.

Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

Revenue Recognition

For revenue from services, the Company recognizes revenue in accordance with FASB's Accounting Standards Codification, or ASC, 605-10, and ASC Topic 13 guidelines that require that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts.

During the years ended March 31, 2016, the Company's consulting revenue was related to one contract to assist an indirect parent company of an Indian entity which Quess Corp. Limited acquired in 2015. The aggregate amount of the services invoiced and collected in 2015 was $440,043.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

NOTE 2 –LIQUIDTIY

Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is a holding company with limited operations and is dependent upon shareholder funding to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company is primarily a holding company that does not have any significant operating activities. Accordingly, the Company has incurred numerous transactions with related parties.

The Company incurred the following related party transactions:

a. For the years ended March 31, 2017 and 2016, the Company incurred rent expenses of $0 and $106,005 which is payable to related parties, respectively.
b. For the years ended March 31, 2017 and 2016, the Company incurred management fee and consultancy expenses of $0 and $157,500 which was payable to related parties, respectively.

NOTE 3 – RELATED PARTY TRANSACTIONS (continued)

As of March 31, 2017 and 2016, balances due from/to affiliates were as follows:

	2017	2016
Due from affiliates:		
Brainhunter Systems Limited, Canada	$ 1,841,400	$ 570,000
Quess Phillipines Corp	102,600	95,000
Quess India	-	33,413
Quess Global (Malysia) SDN	-	20,000
Total	$ 1,944,000	$ 718,413
Due to affiliates		
Quess Corp Holdings Pte Ltd.	$ 1,951,254	$ 600,000
Brainhunter Systems Limited, Canada	51,281	51,330
MFXchange US, Inc.	82,979	6,968
Other	-	1,752
Total	$ 2,085,514	$ 660,050

NOTE 4 – STOCKHOLDER EQUITY

The Company has 200 shares authorized common shares at no par value. As of March 31, 2017, the Company has (one) share of common stock issued and outstanding.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure through May 12, 2017, which is the date the financial statements were available to be issued.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

CONTENTS

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31st March 2017.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to date of the report are:-

Lim Seck Wah (f)	(Resigned: 12.5.2017)
Vijay Sivaram	
Anurag Gupta	(Resigned: 12.5.2017)
Abhinandan Raghuthaman	
Amitabh Jaipuria	(Appointed: 12.5.2017)

PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development.

There have been no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

	RM
Net profit for the financial year attributable to ;	
- Owners of the Company	778,545
Net profit for the financial year	778,545

DIVIDENDS

The directors did not propose any final dividends for the financial year ended 31st March 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

ISSUE OF SHARES

The Company did not issue any new shares during the financial year.

Company No: 1127063 A

OTHER FINANCIAL INFORMATION

Before the financial statements of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability in respect of the Company which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling 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.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:-

	Number of Ordinary Shares of RM1/= each			
	As at 1.4.2016	**Bought**	**Sold**	**As at 31.3.2017**
Ultimate holding company-				
Quess Corp Limited				
Vijay Sivaram				
-Direct interest	88,384	38,525	(35,616)	91,293

Vijay Sivaram has interest in shares of the Company to the extent of his shareholdings in ultimate holding company, Quess Corp Limited.

No other directors in office held any interest in shares of the Company and the related corporations at the end of the financial year as per the register of directors shareholdings required to be kept under Section 59 of the Companies Act, 2016.

DIRECTORS REMUNERATIONS

The amounts of the remunerations of the directors of the Company comprising remuneration received from the Company during the year are as follows :

	2017
	RM
Emoluments	398,993
Fees	10,625

None of the directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors of the Company during the year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during the year, for any person who is the director, officer or auditor of the Company.

ULTIMATE HOLDING COMPANY

The directors regard Quess Corp Limited(Company No: U74140KA2007PLC043909), a company incorporated in India as the ultimate holding company.

HOLDING COMPANY

The directors regard Quessglobal Holdings Pte Ltd(Company No: 201526129N), a company incorporated in Singapore as the holding company.

AUDITORS REMUNERATIONS

Total amount paid to or receivable by the auditors as remuneration for their service as auditors is as follows:

	RM
Audit fees	8,997

Company No: 1127063 A

AUDITORS

The auditors, Messrs HALS & Associates have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on......12 MAY 2017..........

Signed in accordance with a resolution of the directors:

VIJAY SIVARAM	)	Directors
ABHINANDAN RAGHUTHAMAN	)	

KUALA LUMPUR

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2017

	Note	2017 RM	2016 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	126,406	12,815
Total non-current assets		126,406	12,815
CURRENT ASSETS			
Trade and other receivables	8	5,017,081	979,306
Deposits and prepayments		132,916	45,583
Cash and cash equivalent	9	808,618	90,814
Total current assets		5,958,615	1,115,703
TOTAL ASSETS		6,085,021	1,128,518
EQUITY			
Share capital	10	500,000	500,000
Retained profit/Accumulated Loss		761,856	(16,689)
Total equity		1,261,856	483,311
NON-CURRENT LIABILITIES			
Total non-current liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables	11	4,589,165	644,807
Current tax liabilities		234,000	400
Total current liabilities		4,823,165	645,207
TOTAL LIABILITIES		4,823,165	645,207
TOTAL EQUITY AND LIABILITIES		6,085,021	1,128,518

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2017

	Note	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
REVENUE	12	12,400,537	1,812,598
Less: COST OF SALES		(9,543,690)	(1,222,977)
GROSS PROFIT		2,856,847	589,621
Other operating income		-	25,954
Administrative expenses		1,793,389	631,864
Profit/(Loss) from trading operations	13	1,063,458	(16,289)
Finance costs	14	51,313	-
Profit/(Loss) before taxation		1,012,145	(16,289)
Taxation	15	(233,600)	(400)
Profit/(Loss) for the year		778,545	(16,689)
Other Comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		778,545	(16,689)

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017

	Share Capital RM	(Accumulated Loss)/ Retained Earnings RM	Total equity RM
Balance at 14th January 2015 (Date of incorporation)	2	-	2
Non-owner changes in equity			
Loss for the period	-	(16,689)	(16,289)
Total comprehensive loss for the period		(16,689)	(16,289)
Transactions with owners of the Company			
Issue of shares	499,998	-	499,998
Total transactions with owners	499,998	-	499,998
Balance at 31st March 2016	500,000	(16,689)	483,311
Non-owner changes in equity			
Profit for the year	-	778,545	778,545
Total comprehensive income for the year	-	778,545	778,545
Balance at 31st March 2017	500,000	761,856	1,261,856

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,012,145	(16,289)
Adjustments for:		
Waiver by payables	-	(25,954)
Depreciation	28,660	1,660
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1,040,805	(40,583)
Increase in receivables	(4,125,108)	(1,024,889)
Increase in payables	3,944,358	670,761
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	860,055	(394,711)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(142,251)	(14,475)
NET CASH USED IN INVESTING ACTIVITIES	(142,251)	(14,475)
CASH FLOW FROM FINANCING ACTIVITY		
Issue of shares	-	500,000
NET CASH GENERATED FROM FINANCING ACTIVITY	-	500,000
Net increase in cash and cash equivalents	717,804	90,814
Cash and cash equivalents at beginning of the year/period	90,814	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	808,618	90,814

The above statement is to be read in conjunction with the notes to the financial statements on pages 10 to 23.

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH 2017

1. GENERAL

The financial statements of the Company are presented in Ringgit Malaysia (RM) which is the Company's functional currency. All financial information is presented in RM.

The Company was incorporated in Malaysia as a private company limited by shares. It is resident in Malaysia with its registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur and the principal place of business at Suite # 2308, Servcorp Level 2-3, NU Tower 2, Kuala Lumpur Sentral, Jalan Tun Sambanthan, 50470 Kuala Lumpur.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are providing services and consultancy and secondment of staff in information technology solutions and software development. There have been no significant changes in these activities during the financial year.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) issued by Malaysian Accounting Standards Board's ("MASB") and the provisions of the Companies Act 2016.

3.1 Transition to new MPERS Framework

For the current year ended 31st March 2017, the Company has adopted the new Malaysian Private Entities Reporting Standard (MPERS). The date of transition to the new MPERS Framework is 15 April 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the Company's financial statements for the current year ended 31st March 2017, the comparative financial statements for the prior year ended 31st March 2016 and to the opening statement of financial position at the date of transition to MPERS. The transition from the previous PERS to MPERS does not have financial impact to the financial statements of the Company.

3.2 Early adoption of the Amendments to MPERS(2015)

In October 2015, the MASB issued Amendments to MPERS that are effective for financial statements beginning on or after 1 January 2017 with early application permitted. The Company has opted to early apply the Amendments for the current year ended 31 March 2017. The Amendments allow the option of the revaluation model for property, plant and equipment, align some standards to MPERS to those in the MFRS Framework and provide further clarifications and guidance on the Standards in MPERS.

The early adoption of the Amendments to MPERS has no effect on the financial statements of the Company for the current year ended 31st March 2017 and the comparative year ended 31st March 2016.

4. **AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The financial statements of the Company have been approved by the Board of Directors for issuance on ......1 2 MAY 2017..

5. **BASIS OF PREPARATION**

5.1 **Basis of Measurement**

The financial statements of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realizable value).

5.2 **Critical Judgements and Estimates Uncertainty**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements other than as disclosed below:-

A. Estimation Uncertainty

(a) **Loss Allowance of Financial Assets**

The Company recognizes impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

(b) **Depreciation of Property, Plant and Equipment**

The cost of an item of property, plant and equipment is depreciated on the straight line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(c) **Measurement of Income Taxes**

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different for the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period where such determination is made. The Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

(i) Recognition and Measurement

All property, plant and equipment are initially measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self constructed assets also includes the cost of direct and indirect cost of construction.

For an exchange of non-monetary assets that has a commercial substance, cost is measured by reference to the fair value of the asset received.

All property, plant and equipment are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amounts of property, plant and equipment and is recognized net within "other income" or "other expenses" respectively in profit or loss.

(ii) **Subsequent costs**

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

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The annual rates used are as follows:-

	%
Computer	20
Software	20
Furniture and fittings	20

At the end of each reporting period, the residual values, useful life and depreciation method for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

(b) **Impairment of non-financial assets**

The carrying amounts of non-financial assets (ie. property, plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset, if an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a sale agreement, (ii) market price traded in an active market; and (iii) estimate of market price using the best information available. The value in use is estimated by discounting the net cash inflows (by an appropriate pre-tax discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast cash flows.

An impairment loss is recognized if the carrying amount of an asset or its related cash- generating unit exceeds its estimated recoverable amount.

For an asset measured on a cost-based model, any impairment loss is recognized in profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognized previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognized in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognized previously.

(c) **Financial instruments**

(i) **Initial recognition and measurement**

A financial asset or financial liability is recognised in the statement of financial position when, and only when the Company becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through profit or loss, transaction cost are expensed to profit or loss when incurred) unless the arrangement constitutes, in effect, a financing transaction, If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instruments.

(ii) **Subsequent measurement**

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised costs.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 6c(v).

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method.

(iii) **Fair Value Measurement of Financial Instruments**

All other financial assets or liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

The fair value is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

(iv) **Recognition of Gains and Losses**

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognized in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognized in profit or loss only when the financial asset or financial liability is derecognized or impaired, and through the amortization process of the instruments.

(v) **Impairment and Uncollectibility of Financial Assets**

The Company applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset (except for financial assets measured at fair value through profit or loss) or a group of financial assets is impaired.

An impairment loss is measured as follows:-

* For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

* For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(vi) **Derecognition**

A financial asset or part of it is derecognized when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset derecognized and the consideration received, including any newly created rights, and obligations, is recognized in profit or loss.

A financial liability or part of it is derecognized when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(d) **Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) **Ordinary Shares**

Ordinary shares are classified as equity.

(e) **Revenue Recognition**

(i) **Services**

Revenue from services rendered is recognized in profit or loss upon services rendered and acceptance by customers.

(f) **Income Tax**

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

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

Deferred tax is provided by the balance sheet liability method based on all taxable temporary differences by comparing carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax is not recognized if the temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time the transaction, affects neither accounting profit nor taxable profits.

Deferred tax is measured at the tax rates that is expected to be applied to the temporary differences when they reverse, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilized.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets , and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand, bank balances, deposits with bank and highly liquid investments with maturing within three months from the date of acquisition which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) **Employee Benefits**

(i) **Short term employee benefits**

Short term employee benefits in respect of wages, salaries, social security contributions, paid annual leaves, paid sick leaves, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed in the financial period when employees have rendered their services to the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligations to make such payments, as a result of past services provided by employees and when a reliable estimate can be made of the amount of the obligations.

(ii) **Defined contribution plan**

The Company makes contributions to a statutory provident fund and recognise the contribution payable as an expense in the financial year in which the employees render their services. Once the contributions have been paid, the Company have no further payment obligations.

(p) **Currency Conversion**

Transactions denominated in foreign currencies are translated and recorded at the exchange rates prevailing at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currency are retranslated at the rates prevailing at the end of the period (ie. closing rate). Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair value were determined. Non-monetary items that are measured at their historical costs amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange gain or losses, including those arising from translation, are taken up in profit or loss.

7. PROPERTY, PLANT AND EQUIPMENT

2016 Cost:	At 1st April 2016 RM	Addition RM	At 31st March 2017 RM
Computer	13,725	18,191	31,916
Software	750	12,250	13,000
Furniture and fittings	-	111,810	111,810
Total	14,475	142,251	156,726

Accumulated Depreciation:	At 1st April 2016 RM	Charge for the year RM	At 31st March 2017 RM	Carrying amount at 31st March 2017 RM	Carrying amount at 31st March 2016 RM
Computer	1,635	5,023	6,658	25,258	12,090
Software	25	1,742	1,767	11,233	725
Furniture and fittings	-	21,895	21,895	89,915	-
Total	1,660	28,660	30,320	126,406	12,815

8. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Current:		
Trade receivables	4,802,807	961,961
Other receivables	83,369	7,435
Amount due from related company	135,375	9,910
Total at cost	5,021,551	979,306
Less:		
Accumulated impairment losses (**)	4,470	-
	5,017,081	979,306

** Movement of impairment losses:

	2017 RM	2016 RM
Balance at beginning of the year	-	-
Allowance for doubtful debts recognised in profit or loss	4,470	-
Balance at end of the year	4,470	-

Other receivables and related company's balances represent non trade advances/loan made and are unsecured, interest free and repayable on demand.

9. CASH AND CASH EQUIVALENTS

	2017 RM	2016 RM
Cash and bank balances	808,618	90,814

10. SHARE CAPITAL

	2017 RM	2016 RM
Issued and fully paid:		
500,000 Ordinary shares	500,000	500,000

11. TRADE AND OTHER PAYABLES

	2017 RM	2016 RM
Other payables and accruals	1,003,979	207,154
Amount due to ultimate holding company	-	38,366
Amount due to holding company	3,585,186	316,000
Amount due to related company	-	74,000
Amount due to a director	-	9,287
	4,589,165	644,807

Amount due to related company, ultimate holding company and directors balances represent loan/advances made and are unsecured, interest free and repayable on demand.

The directors regard Quess Corp Limited(Company No: U74140KA2007PLCO433909), a company incorporated in India as the ultimate holding company.

The directors regard Quessglobal Holdings Pte Ltd(Company No. 201526129N), a company incorporated in Singapore as the holding company.

Amount due to holding company represent loan/advances made and are unsecured, bears interest rate of 2.25% and repayable on demand.

12. REVENUE

Revenue represents the invoiced value of services rendered net of discounts.

13. PROFIT/(LOSS) FROM TRADING OPERATIONS

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Profit/(Loss) from operations before taxation is stated after charging:-		
Audit fee		
- current year	7,497	11,500
- underprovision in prior period	1,500	-
Allowance for doubtful debts	4,470	-
Directors fees	10,625	18,400
Directors emoluments	398,993	92,216

14. FINANCE COST

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Interest charges	51,313	-

15. TAXATION

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Current year's/period's provision	234,000	400
Overprovision in prior period	(400)	-
	233,600	400

The Company has been granted Multimedia Supercoridor (MSC) status by the authority during the financial year. However, the commencement date of the tax incentive has not been fixed during the year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Profit/(Loss) before taxation	1,012,145	(16,289)
Taxation at Malaysian Statutory tax rate at 24% (2016: 24%)	242,915	(3,909)
Expenses not deductible for tax purposes	3,864	4,953
Overprovision in prior period	(400)	-
Deferred tax liability not recognised on property, plant and equipment	(12,779)	(644)
Tax expense for the year/period	233,600	400

The above are subject to the approval of the tax authorities.

15. FINANCIAL INSTRUMENTS

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorized as follows:-

(a) Financial assets and financial liabilities measured at amortised cost ("AC").

2017 **Financial assets**	**Carrying Amount** **RM**	**AC** **RM**
Deposit	36,625	36,625
Trade and other receivables	5,017,081	5,017,081
Cash and cash equivalent	808,618	808,618
	5,862,324	5,862,324
Financial liability		
Trade and other payables	4,589,165	4,589,165

2016 **Financial assets**	Carrying Amount RM	AC RM
Trade and other receivables	969,397	969,397
Deposit	15,916	15,916
Cash and cash equivalent	90,814	90,814
	1,076,127	1,076,127
Financial liability		
Trade and other payables	644,807	644,807

16. RELATED PARTIES

The significant related parties transactions of the Company are disclosed below:-

	2017 RM	2016 RM
Key management personnel		
Directors:-		
- Emoluments	398,993	92,216
- Fees	10,625	18,400
Quessglobal Holdings Pte Ltd, holding company		
- interest charges	51,313	-

The related parties balances are disclosed in Note 11 to the financial statements.

Company No: 1127063 A

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, VIJAY SIVARAM and ABHINANDAN RAGHUTHAMAN , being two of the directors of QUESSGLOBAL (MALAYSIA) SDN. BHD., do hereby state that in our opinion, the financial statements set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st March 2017 and financial performance of the Company for the financial year ended 31st March 2017 in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated

...12 MAY 2017.........

VIJAY SIVARAM

ABHINANDAN RAGHUTHAMAN

KUALA LUMPUR

DATE: 12 MAY 2017

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, VIJAY SIVARAM, Passport No.Z3290208, being the director primarily responsible for the accounting records and financial management of QUESSGLOBAL (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 6 to 23 of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Wilayah Persekutuan on

....12 MAY 2017......................

Before me,

PESURUHJAYA SUMPAH
No: W465
JASNI BIN YUSOFF
MALAYSIA

VIJAY SIVARAM

COMMISSIONER FOR OATHS

Lot 1.08, Tingkat 1,
Jln Raja Laut
Kuala Lumpur.

Company No: 1127063 A

HALS & Associates
Chartered Accountants
AF No: 0755

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quessglobal (Malaysia) Sdn. Bhd. which comprise the statement of financial position as at 31st March 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2017 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ('By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Suite 1602, 16th Floor, Wisma Lim Foo Yong, 86 Jalan Raja Chulan, 50200 Kuala Lumpur
P.O. Box 11688, 50754 Kuala Lumpur Tel :03-27320322(Hunting) Fax :03-21423116

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the directors.

* Conclude on the appropriateness of the directors' 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentations, structure and content of the financial statements of the Company, 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.

Other Matters

1 As stated in Note 3 to the financial statements , Quessglobal (Malaysia) Sdn Bhd adopted Malaysian Private Entities Reporting Standard on 1st April 2016 with a transition date of 14th April 2015. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Company as at 31st March 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company for the year ended 31st March 2017 and related disclosures. We were not engaged to report on the comparative information based on MPERS. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31st March 2017, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 14th April 2015 do not contain misstatements that materially affect the financial position as at 31st March 2017 and the financial performance and cash flows for the year then ended.

2 This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HALS & ASSOCIATES
A.F. 0755
CHARTERED ACCOUNTANTS

Subramaniam Sankar
Bil 925/02/18 (J/PH)
Partner

KUALA LUMPUR

DATE: 12 MAY 2017

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

The pages which follow do not

form part of the Statutory

financial statements of the Company

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
REVENUE	12,400,537	1,812,598
Less: COST OF SALES		
Contract wages	9,543,690	1,173,669
Transportation and relocation expenses	-	4,827
Work permit	-	44,481
	(9,543,690)	(1,222,977)
GROSS PROFIT	2,856,847	589,621
Add: OTHER INCOME		
Waiver by payables	-	25,954
	2,856,847	615,575
Less:		
ADMINISTRATIVE EXPENSES (Schedule I)	(1,793,389)	(631,864)
FINANCE COST (Schedule II)	(51,313)	-
	(1,844,702)	(631,864)
PROFIT/(LOSS) BEFORE TAXATION	1,012,145	(16,289)

Schedule I

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.4.2015 To 31.3.2016 RM
Allowance for doubtful debt	4,470	-
Accomodation	-	1,610
Accounting fee	10,776	14,100
Advertisement	855	23,769
Audit fee		
- current year	7,497	11,500
- underprovision in prior period	1,500	-
Bank charges	2,169	3,656
Courier and postage	3,841	1,959
Depreciation	28,660	1,660
Directors emoluments	398,993	92,216
Directors' fee	10,625	18,400
Employee verification	2,500	-
Electricity	2,542	-
Entertainment	(19)	1,872
EPF and Socso	73,888	30,554
General expenses	2,655	20
GST not claimable	5,804	1,490
Insurance	13,116	3,102
Login cost	202,759	30,700
Maintenance	6,910	-
Office internet connection	5,310	29,572
Office refreshment	4,155	4,154
Office rental	125,358	60,347
Office team service charges	1,360	1,091
Penalty	2,205	255
Printing and stationery	8,156	7,303
Professional fee	11,118	3,000
Recruiter incentive	91,224	-
Realised loss on foreign exchange	5,317	206
Salary	532,107	226,626
Secretarial fee	4,529	16,130
Staff welfare	2,601	-
Staff claim	36,562	6,107
Taxation fee	-	530
Telephone	40,581	10,493
Travelling expenses	9,823	5,954
Uniform	-	1,050
Upkeep of office	3,012	450
Wages	118,500	19,492
Work permit	11,930	2,496
	1,793,389	631,864

Schedule II

QUESSGLOBAL (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

FINANCE COST
FOR THE YEAR ENDED 31ST MARCH 2017

	1.4.2016 To 31.3.2017 RM	14.1.2015 To 31.3.2016 RM
Interest charges	51,313	-