

PAY ASIA PTE LTD

ANNUAL REPORT

31 MARCH 2017

Directors	Mark Stephen Malhotra Samlal Lawrence Pushpam Simon Forrester (resigned on 7 April 2017)
Registered office	10 Anson Road #31-06 International Plaza Singapore 079903
Company registration number	200614858K
Auditors	Grant Thornton Audit LLP Public and Chartered Accountants of Singapore
Secretary	Yzelman Virginia Juliana Nee Rappa

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PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

DIRECTORS' STATEMENT

The directors of the Company present this statement to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2017.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mark Stephen Malhotra Samlal
Lawrence Pushpam

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

The directors holding office at the end of the financial year who had interests in the shares and debentures of the Company and its related corporations as recorded in the register of directors' shareholdings were as follows:

<u>Name of director</u>	<u>Shares held by directors</u>	
	<u>At 01.04.2016</u>	<u>At 31.03.2017</u>
Lawrence Pushpam	5,124	5,124

<u>Name of directors</u>	<u>Shares in which the director is deemed to have an interest</u>	
	<u>At 01.04.2016</u>	<u>At 31.03.2017</u>
Mark Stephen Malhotra Samlal	16,044	16,044
Simon Forrester (resigned on 7 April 2017)	1,764	1,764

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

DIRECTORS' STATEMENT

Share options granted

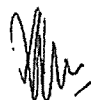
- (a) No option was granted to any person during the financial year to take up unissued shares of this Company.
- (b) No shares were issued by the Company during the financial year by virtue of the exercise of options to take up unissued shares of the Company.
- (c) At the end of the financial year, there were no unissued shares of the Company under option.

Independent auditor

The independent auditor, Grant Thornton Audit LLP, Public Accountants and Chartered Accountants has expressed their willingness to accept re-appointment.



Mark Stephen Malhotra Samlal
Director



Lawrence Pushpam
Director

Singapore:

31 OCT 2017

Independent auditor's report to the member of Pay Asia Pte. Ltd. and its subsidiary companies

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Pay Asia Pte Ltd (the "Company") and its subsidiary companies (collectively, the "Group") and the statement of the financial position 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 consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the financial position of the Group as at 31 March 2017;
- the financial position of the Company as at 31 March 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

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 included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

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

Independent auditor's report to the member of Pay Asia Pte. Ltd. and its subsidiary companies

Other Information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 auditor's 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.

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SSAs, we exercise professional 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.

Independent auditor's report to the member of Pay Asia Pte. Ltd. and its subsidiary companies

- 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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.

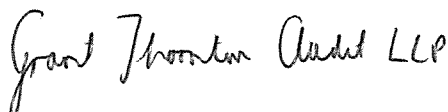
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Other Matter

The financial statements of the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unqualified opinion on those financial statements in their report dated 11 February 2017.



Grant Thornton Audit LLP
Public Accountants and Chartered Accountants

Singapore

31 OCT 2017

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	<u>Note</u>	The Group	
		<u>01.04.2016 - 31.03.2017</u>	<u>Restated 01.01.2015 - 31.03.2016</u>
		\$	\$
Sales revenue	4	23,142,712	25,440,766
Other revenue	5	94,809	140,063
		<u>23,237,521</u>	<u>25,580,829</u>
Subcontractors		(8,116,480)	(7,531,815)
Employee benefits expense	6	(13,149,520)	(15,530,407)
Depreciation	9	(61,050)	(275,005)
Amortisation	10	(104,124)	(94,637)
Other operating expenses	7	(1,519,052)	(1,538,238)
Finance costs		<u>(36,315)</u>	<u>(14,914)</u>
Profit before taxation		<u>250,980</u>	<u>595,813</u>
Taxation	8	<u>(31,683)</u>	<u>(189,532)</u>
Profit after taxation		<u>219,297</u>	<u>406,281</u>
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit & loss:			
Foreign currency translation		23,043	(7,229)
Items that will not be reclassified to profit & loss:			
Defined benefit plan remeasurement - actuarial gains	6	3,149	8,236
Total comprehensive income for the year		<u>245,489</u>	<u>407,288</u>

The annexed notes form an integral part of these financial statements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

		The Group		
	<u>Note</u>	<u>31.3.2017</u>	<u>Restated</u> <u>31.3.2016</u>	<u>Restated</u> <u>01.01.2015</u>
		\$	\$	\$
ASSETS				
Non-current assets				
Plant & equipment	9	133,168	122,082	347,808
Intangible assets	10	853,386	688,843	427,843
Deferred tax asset	11	50,237	42,905	-
Trade & other receivables	13	133,860	136,012	70,015
		1,170,651	989,842	845,666
Current assets				
Trade & other receivables	13	4,231,999	3,578,761	1,423,783
Bank balances	14	2,757,027	3,241,101	2,496,693
		6,989,026	6,819,862	3,920,476
Total assets		8,159,677	7,809,704	4,766,142
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	15	50,400	50,400	50,400
Treasury shares	15	(183,000)	(183,000)	(38,000)
Retained earnings		2,026,725	1,932,428	1,667,118
Other reserves		31,385	28,236	20,000
Foreign currency translation reserves		(55,060)	(78,103)	(70,874)
Equity attributable to shareholders of the Company		1,870,450	1,749,961	1,628,644
Non-controlling interests		-	-	9,029
Total equity		1,870,450	1,749,961	1,637,673
Non-current liabilities				
Borrowings	17	126,049	-	-
Trade & other payables	16	176,083	164,953	97,743
Deferred tax liability	11	126,500	94,500	63,003
		428,632	259,453	160,746
Current liabilities				
Borrowings	17	237,086	-	-
Trade & other payables	16	5,623,509	5,800,290	2,936,887
Provision for taxation		-	-	30,836
		5,860,595	5,800,290	2,967,723
Total liabilities		6,289,227	6,059,743	3,128,469
Total equity & liabilities		8,159,677	7,809,704	4,766,142

The annexed notes form an integral part of these financial statements.

PAY ASIA PTE LTD

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	<u>Note</u>	The Company	
		<u>2017</u>	<u>2016</u>
		\$	\$
ASSETS			
Non-current assets			
Plant & equipment	9	57,578	52,655
Intangible assets	10	839,257	675,999
Interests in subsidiaries	12	680,060	680,060
		1,576,895	1,408,714
Current assets			
Trade & other receivables	13	1,757,491	1,428,571
Bank balances	14	2,150,013	2,181,028
		3,907,504	3,609,599
Total assets		<u>5,484,399</u>	<u>5,018,313</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	15	50,400	50,400
Treasury shares	15	(183,000)	(183,000)
Retained earnings		2,270,332	2,141,731
Other reserves		20,000	20,000
Total equity		2,157,732	2,029,131
Non-current liabilities			
Deferred tax liability	11	126,500	94,500
Borrowings	17	126,049	-
		252,549	94,500
Current liabilities			
Trade & other payables	16	2,837,032	2,894,682
Borrowings	17	237,086	-
		3,074,118	2,894,682
Total liabilities		<u>3,326,667</u>	<u>2,989,182</u>
Total equity & liabilities		<u>5,484,399</u>	<u>5,018,313</u>

The annexed notes form an integral part of these financial statements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF CHANGES EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share capital \$	Retained earnings \$	Treasury shares \$	Currency translation reserves \$	Other reserves \$	Total \$	Non- controlling interests \$	Total equity \$
At 01.04.16, as previously stated	50,400	1,977,434	(183,000)	(78,103)	20,000	1,786,731	-	1,786,731
Prior year adjustment (Note 24)	-	(45,006)	-	-	8,236	(36,770)	-	(36,770)
At 01.04.16 (restated)	50,400	1,932,428	(183,000)	(78,103)	28,236	1,749,961	-	1,749,961
Comprehensive income:								
Net profit	-	219,297	-	-	-	219,297	-	219,297
Currency translation difference	-	-	-	23,043	-	23,043	-	23,043
Defined benefit plan remeasurement	-	-	-	-	3,149	3,149	-	3,149
Total comprehensive income	-	219,297	-	23,043	3,149	245,489	-	245,489
Contributions by and distributions to owners								
Dividends declared (Note 19)	-	(125,000)	-	-	-	(125,000)	-	(125,000)
At 31.03.17	50,400	2,026,725	(183,000)	(55,060)	31,385	1,870,450	-	1,870,450
At 01.01.15, as previously stated	50,400	1,674,007	(38,000)	(70,874)	20,000	1,635,533	9,029	1,644,562
Prior year adjustment (Note 24)	-	(6,889)	-	-	-	(6,889)	-	(6,889)
At 01.01.15 (restated)	50,400	1,667,118	(38,000)	(70,874)	20,000	1,628,644	9,029	1,637,673
Net profit (restated)	-	406,281	-	-	-	406,281	-	406,281
Currency translation difference	-	-	-	(7,229)	-	(7,229)	-	(7,229)
Defined benefit plan remeasurement	-	-	-	-	8,236	8,236	-	8,236
Total comprehensive income / (loss) (restated)	-	406,281	-	(7,229)	8,236	407,288	-	407,288
Contributions by and distributions to owners								
Dividends declared (Note 19)	-	(150,000)	-	-	-	(150,000)	-	(150,000)
Transfer of shares in a subsidiary to the Company	-	9,029	-	-	-	9,029	(9,029)	-
Treasury shares purchased (Note 15)	-	-	(145,000)	-	-	(145,000)	-	(145,000)
Total contributions by and distributions to owners	-	(140,971)	(145,000)	-	-	(285,971)	(9,029)	(295,000)
At 31.03.16 (restated)	50,400	1,932,428	(183,000)	(78,103)	28,236	1,749,961	-	1,749,961

The annexed notes form an integral part of these financial statements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	The Group	
	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016
	\$	\$
Cash flows from operating activities		
Profit before taxation	250,980	595,813
Adjustments for:		
Interest expense	36,315	14,914
Depreciation & amortisation	165,174	369,642
Operating profit before working capital changes	452,469	980,368
Total changes in working capital, net of effects from:		
Trade & other receivables	(218,041)	(3,033,987)
Trade & other payables	(302,945)	2,730,363
Cash (used in)/ generated from operating activities	(68,517)	676,744
Tax paid	(1,787)	(88,124)
Net cash (used in)/ generated from operating activities	(70,304)	588,620
Cash flow from investing activities		
Purchase of plant & equipment	(70,333)	(45,148)
Increase in intangibles	(268,149)	(355,637)
Purchase of treasury shares	-	(145,000)
Net cash used in investing activities	(338,482)	(545,785)
Cash flows from financing activities		
Dividends paid	(116,250)	(150,000)
Proceeds from bank borrowings	300,000	-
Repayment of bank borrowings	(37,500)	-
Interest paid	(36,315)	(14,914)
Net cash generated from/ (used in) financing activities	109,935	(164,914)
Net decrease in cash & cash equivalents	(298,851)	(122,078)
Add: Cash & cash equivalents at beginning of the year	446,458	581,059
Effects of exchange rate changes on cash & cash equivalents	24,278	(12,523)
Cash & cash equivalents as at end of the year	171,885	446,458
Cash & cash equivalents		
Cash & cash equivalents included in the statement of cash flows comprise the following:		
Bank balances	2,757,027	3,241,101
Less: Clients' monies (restricted balances - Note 14)	(2,484,507)	(2,794,643)
Less: Bank overdraft (Note 17)	(100,635)	-
Cash & cash equivalents	171,885	446,458

The annexed notes form an integral part of these financial statements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

1. General

The Company is domiciled and incorporated as a limited liability company in Singapore. Its registered office is located at 10 Anson Road, International Plaza, #31-06, Singapore 079903.

The principal activities of the Company in the course of the financial year are to provide payroll, human resource and consulting services. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3, the Group is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except from those involving estimates and as follows:

Capitalisation of intangibles

Costs directly attributable to the development of computer software are capitalised as intangible assets when the Group judged that the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Determination of functional currency of the entities in the Group

FRS 21 The Effects of Changes in Foreign Exchange Rates requires the Company and the entities in the Group to determine its functional currency to prepare the financial statements. When determining its functional currency, the Company and the entities in the Group consider the primary economic environment in which it operates, i.e. the one in which it primarily generates and expends cash. The Company and the entities in the Group may also consider the funding sources. Management applied its judgement and determined that the functional currency of the Company is Singapore Dollar ("SGD").

(ii) Key sources of estimation uncertainty

The Group believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as disclosed below:

2. Critical accounting judgements and key sources of estimation uncertainty – cont'd

(ii) Key sources of estimation uncertainty – cont'd

(a) Depreciation & amortisation

Plant & equipment & intangibles are depreciated and amortised on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. Any changes in the economic useful lives or residual values could impact the depreciation charges and consequently affect the Group's results.

The carrying amount of the Group's plant & equipment and intangibles as at 31 March 2017 and the annual depreciation and amortisation charge for the financial year ended 31 March 2017 are disclosed in Notes 9 & 10 respectively.

(b) Impairment of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment losses as a result of the inability of the customers to make required payments. The Group determines the estimates based on the aging of the trade receivables balance, credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) Post-employment pension obligations

The present value of the post-employment pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid.

(d) Income taxes

The Group has exposure to income taxes in the countries where it operates. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. At 31 March 2017, the carrying amounts of the Group's current income tax payable and deferred tax are disclosed in Note 8 to the financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty – cont'd

(ii) Key sources of estimation uncertainty – cont'd

(e) Impairment of non-financial assets

Plant and equipment and intangibles are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives and utilisation of the assets, discount rates and other factors.

3. Significant accounting policies

(a) Basis of preparation & functional currency

The financial statements are prepared in accordance with the provisions of the Companies Act, Cap.50 and the Singapore Financial Reporting Standards (FRS) and have been applied consistently.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The Group has not applied any new/revised FRS or interpretations that have been issued but not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements.

The financial statements are prepared in Singapore dollars which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Significant accounting policies - cont'd

(b) Adoption of new & revised FRS

As at the date of authorisation of these financial statements, the following are the new or amended FRS and INT FRS that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective Date (Annual periods beginning on or after)
Amendments to FRS 7	Disclosure Initiative	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 116	Leases	1 January 2019
Amendments to FRS 110, FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors are still assessing if the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group in the period of its initial adoption.

(c) Revenue recognition

Revenue - Gross vs net

The Group assesses its role as an agent or principal for each transactions and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Revenue from HR & Staffing and HR & Consulting are the amounts received or receivable for the services of candidates, including the salary and salary-related employment costs of those employees. Revenue from services rendered is recognised when services are billed which generally coincides with delivery and acceptance by customers.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Significant accounting policies - cont'd

(d) Plant & equipment

Plant & equipment are stated at cost, less accumulated depreciation and provision for impairments. Depreciation is calculated on a straight line basis so as to write off the cost over their expected useful lives. The estimated useful lives are as follows:

	<u>The Group & The Company</u>
Renovation	3 years
Furniture & fittings	3 years
Office equipment	3 - 10 years
Computers	3 years

Fully depreciated plant & equipment are retained in the financial statements until they are no longer in use. The residual values and useful lives of plant & equipment are reviewed at the end of each financial year end and adjusted prospectively, if appropriate.

(e) Intangible assets

Intangible assets include the Group's aggregate amount spent on the acquisition of computer software and development costs. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and impairment losses. They are amortised in the profit or loss on a straight-line basis over their estimated useful lives of 10 years, from the date on which they are available for use.

Intangible assets with indefinite useful lives are not amortised and are measured at cost less impairment losses.

The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected term over which the Group will receive benefits from the software, but not exceeding the licence term. For unique software products controlled by the Group, the life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives have not resulted in material changes to the Group's amortisation charge.

(f) Foreign currency translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. 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.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Significant accounting policies - cont'd

(f) Foreign currency translation – cont'd

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income.

Foreign currency translations

The results and financial position of all the Group entities are translated into Singapore dollars as follows:

- Assets and liabilities are translated at the closing rates at the date of the statement of financial position.
- Income and expenses are translated at average rates for the year, which approximates the exchange rates at the dates of the transactions.
- All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the currency translation reserve

(g) Investment in subsidiaries

Investment in subsidiaries are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of these investments, the differences between net disposal proceeds and the carrying amount of the investments are taken to the statement of comprehensive income.

(h) Group accounting

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly holds more than 50% of the issued share capital.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of the acquisition, irrespective of the extent of any non-controlling interest.

3. Significant accounting policies - cont'd

(h) Group accounting – cont'd

Subsidiaries – cont'd

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Transactions eliminated on consolidation

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

(i) Financial assets

(i) *Classification*

Financial assets within the scope of FRS 39 are classified as financial assets at fair value through profit or loss, loans & receivables, held-to-maturity or available-for-sale financial assets, as appropriate. Financial assets 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. The Company does not have any financial assets at fair value through profit and loss, held-to-maturity and available for sale.

All financial assets are recognised on their trade date - the date on which the Company is committed to purchase or sell the assets. 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.

3. Significant accounting policies - cont'd

(i) Financial assets - cont'd

(i) *Classification – cont'd*

Loans & receivables

Loans & receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Such assets are carried at amortised cost using the effective interest rate method less any impairment losses.

(ii) *Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Impairment losses are recognised in the statement of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of comprehensive income.

(j) Impairment of non-financial assets

Plant & equipment

Intangibles

Interest in subsidiaries

Plant & equipment and interest in subsidiaries are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less costs to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

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

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

3. Significant accounting policies - cont'd

(j) Impairment of non-financial assets - cont'd

Plant & equipment
Intangibles
Interest in subsidiaries

The impairment loss is recognised in the statement of comprehensive income.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

(k) Cash & cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(l) Trade & other receivables

Trade & other receivables, including amounts owing by related party are classified and accounted for as loans and receivables under FRS 39. An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(m) Investment in subsidiaries

Investment in subsidiaries that is intended to be held for long term purposes, is stated at cost less provision. This provision is made in recognition of a diminution in value of the investments which is other than temporary, determined on an individual basis.

(n) Financial liabilities

Financial liabilities include trade payables and other amounts payable. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method where appropriate. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

3. Significant accounting policies - cont'd

(o) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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 is accounted for using the balance sheet 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

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 the liability is settled or the asset realised based on the tax rates (and 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 Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

(p) Employee benefits expense

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Significant accounting policies - cont'd

(p) Employee benefits expense - cont'd

(ii) Defined benefits plans

Defined benefit plans are post-employment benefit plans other than a defined contribution plan.

The liability recognised in the statement of financial position represents the present value of the defined benefit obligation at year end less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Independent actuaries using the Projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to equity in other comprehensive income in the period when they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate.

(r) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

(s) Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Significant accounting policies - cont'd

(t) Equity

Ordinary shares, treasury shares, retained earnings and other reserves are classified as equity.

Where the company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as Treasury shares reserves, until they are sold or reissued. When treasury shares are subsequently sold or reissued pursuant to a share award, the cost of the treasury shares is reversed from the Treasury shares reserves and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs is recognised as a change in equity of the Company in "Other reserves". No gain or loss is recognised in the statement of comprehensive income.

(u) Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(v) 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 Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Sales revenue

	<u>The Group</u>	
	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016
	\$	\$
Payroll services	5,649,332	5,806,054
HR & staffing	17,233,851	18,839,910
HR & consulting	259,529	794,802
	<u>23,142,712</u>	<u>25,440,766</u>

5. Other revenue

	<u>The Group</u>	
	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016
	\$	\$
Interest income	8,127	-
Reversal of doubtful debts provision	-	54,762
Government grant	57,091	84,428
Others	29,591	873
	<u>94,809</u>	<u>140,063</u>

6. Employee benefits expense

	<u>The Group</u>	
	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016
	\$	\$
Directors' fee	40,175	-
Directors' remuneration	502,122	559,028
Contributions to directors' defined contribution plans	31,450	26,011
Contributions to defined contribution plans	290,749	1,341,863
Salaries and wages	12,330,219	13,586,430
Other employee expenses	78,674	129,610
	<u>13,273,389</u>	<u>15,642,942</u>
Less: amounts capitalised as software	(123,869)	(112,535)
	<u>13,149,520</u>	<u>15,530,407</u>

The key management personnel of the Company are the directors of the Company, and the benefits received are disclosed as above.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Employee benefits expense – cont'd

(a) Defined benefit plan for internal employees

The Group has gratuity as a defined benefit plan for its internal employees. Included in the Group's Employee Benefits (classified in salaries and wages) are as follows:

	31.3.2017	Restated 31.3.2016	Restated 1.1.2015
	\$	\$	\$
<u>The amounts recognised in the Consolidated statement of financial position are as follows:</u>			
Present value of the obligation as at the end of the year			
- Current portion	1,908	-	-
- Non-current portion	42,223	28,941	27,728
Net liability recognised	44,131	28,941	27,728
<u>Changes in the present value of defined benefit obligation:</u>			
Defined benefit obligation as at beginning of the year	28,941	27,728	20,477
Current service cost	14,061	7,965	6,889
Interest cost	2,176	2,158	-
Net actuarial gain recognised for the year	(3,149)	(8,236)	-
Foreign currency adjustment	2,102	(675)	363
Defined benefit obligation as at the end of the year	44,131	28,941	27,728
	31.3.2016 to 31.3.2017	Restated 01.01.2015 to 31.3.2016	
<u>The amounts recognised in the Consolidated statement of comprehensive are as follows:</u>			
Service cost	14,061	7,965	
Interest cost	2,176	2,158	
Net actuarial gain recognised for the year	(3,149)	(8,236)	
Expenses recognised	13,088	1,887	
	31.3.2017	31.3.2016	1.1.2015
<u>Assumptions used in the valuations of gratuity and compensated absences are as under:</u>			
Discount rate	7.31%	7.92%	7.83%
Future salary increase	6.00%	5.00%	5.00%
Attrition rate	5.00%	5.00%	5.00%
Retirement age	58	58	58

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Employee benefits expense – cont'd

(b) Defined benefit plan for temporary employees

The Group has recognised gratuity liability and reimbursement right in respect of temporary employees and accordingly disclosure has been made as required and to the extent provided by actuary.

	31.3.2017	Restated 31.3.2016	Restated 1.1.2015
	\$	\$	\$
<u>The amounts recognised in the Consolidated statement of financial position are as follows:</u>			
Present value of the obligation as at the end of the year			
- Current portion	53,567	-	-
- Non-current portion	133,860	136,012	70,015
Net liability recognised	187,427	136,012	70,015
<u>Changes in the present value of defined benefit obligation:</u>			
Defined benefit obligation as at beginning of the year	136,012	70,015	-
Current service cost	101,987	89,437	70,413
Interest cost	10,965	5,513	-
Benefits paid	(2,958)	-	-
Net actuarial gain recognised for the year	(67,881)	(25,440)	-
Foreign currency adjustment	9,303	(3,514)	(398)
Defined benefit obligation as at the end of the year	187,427	136,012	70,015
	1.4.2016 to 31.3.2017	Restated 01.01.2015 to 31.3.2016	
	\$	\$	
<u>The amounts recognised in the Consolidated statement of comprehensive are as follows (*):</u>			
Service cost	101,987	89,437	
Interest cost	10,965	5,513	
Net actuarial gain recognised for the year	(67,881)	(25,440)	
Expenses recognised	45,071	69,511	

(*) The employee benefits expense towards gratuity and its related reimbursement right for temporary employees for the year ended 31 March 2017 is \$45,071 (31 March 2016: \$69,511) and have been netted off in the statement of comprehensive income.

	31.3.2017	31.3.2016	1.1.2015
<u>Assumptions used in the valuations of gratuity are as under:</u>			
Discount rate	7.35%	7.92%	7.83%
Future salary increase	6.00%	5.00%	5.00%
Attrition rate	5.00%	5.00%	5.00%
Retirement age	58	58	58

Actuarial valuations for long-term defined benefit plans up to financial period ended 31 March 2016 were not obtained. Hence the impact on statement of comprehensive income for prior years has been disclosed as prior period adjustments.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

7. Other operating expenses

	The Group	
	01.04.2016 -	Restated
	31.03.2017	01.01.2015 -
	\$	31.03.2016
	\$	\$
Hosting service	238,139	215,507
Repair & maintenance	22,589	78,899
Office rental	264,472	360,666
Printing & stationary	16,065	30,680
Professional fees	396,436	178,410
Travel & transportation	184,676	207,416
Doubful debts - trade	13,671	4,913
Exchange losses	31,273	10,274
Bank charges	28,943	33,697
Insurance	28,802	27,238
Communication expenses	62,984	68,682
Utilities	45,560	28,837
Repair & maintenance	22,589	78,899
Others	162,853	214,120
	<u>1,519,052</u>	<u>1,538,238</u>

8. Taxation

	The Group	
	01.04.2016 -	01.01.2015 -
	31.03.2017	31.03.2016
	\$	\$
Current year tax	3,610	200,948
Deferred taxation (Note 11)	27,202	(13,534)
Withholding tax	871	2,118
	<u>31,683</u>	<u>189,532</u>

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. Taxation – cont'd

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation due to the following factors:

	The Group	
	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016
	\$	\$
Profit before taxation	250,980	595,813
Tax calculated at the rates applicable to profits in the countries concerned	34,483	100,831
Adjustment for:		
Expenses not deductible for tax purposes	27,885	85,223
Withholding tax	871	2,118
Income not subject to tax	-	(3,173)
Deferred tax assets not recognised	-	63,334
Utilisation of unabsorbed tax losses	(32,762)	-
Enhanced tax deduction	(10,616)	(61,405)
Utilisation of unabsorbed allowances	-	(6,402)
Others	11,822	9,006
	31,683	189,532

Other than as disclosed in Note 11, the Group has unutilised tax losses approximating \$100,000 (2016: \$210,000) that have not been recognised in the financial statements in view of uncertainty over the availability of future taxable profits against which the deferred tax benefits can be utilised.

The above amounts can, subject to meeting certain statutory requirements by those companies with such deferred tax benefits in their respective countries of incorporation, be carried forward and utilised against future taxable profits.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Plant and equipment

The Group

<u>Cost</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Furniture and fittings</u>	<u>Renovation</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balance as at 01.01.15	80,706	101,369	3,976	341,116	527,167
Additions	36,199	3,357	-	5,592	45,148
Written off	(4,605)	(43,609)	-	(2,232)	(50,446)
Translation	4,032	(203)	-	(9,756)	(5,927)
Balance as at 31.03.16	116,332	60,914	3,976	334,720	515,942
Additions	50,470	14,171	-	5,692	70,333
Translation	1,076	2,738	-	11,614	15,428
Balance as at 31.03.17	167,878	77,823	3,976	352,026	601,703

Accumulated Depreciation

Balance as at 01.01.15	54,620	32,751	1,326	90,661	179,358
Charge for the year	28,274	67,353	1,656	177,722	275,005
Written off	(4,605)	(43,609)	-	(2,232)	(50,446)
Translation	(98)	(203)	-	(9,756)	(10,057)
Balance as at 31.03.16	78,191	56,292	2,982	256,395	393,860
Charge for the year	16,513	6,612	992	36,933	61,050
Translation	1,716	2,390	-	9,519	13,625
Balance as at 31.03.17	96,420	65,294	3,974	302,847	468,535

Net Book Value

Balance as at 31.03.17	71,458	12,529	2	49,179	133,168
Balance as at 31.03.16	38,141	4,622	994	78,325	122,082

The Company

<u>Cost</u>	<u>Office equipment</u>	<u>Furniture & fittings</u>	<u>Renovations</u>	<u>Total</u>
	\$	\$	\$	\$
Balance as at 01.01.2015	49,424	3,976	119,996	173,396
Additions	20,289	-	-	20,289
Balance as at 31.03.2016	69,713	3,976	119,996	193,685
Additions	47,139	-	-	47,139
Balance as at 31.03.2017	116,852	3,976	119,996	240,824

Accumulated depreciation

Balance as at 01.01.2015	43,824	1,326	40,340	85,490
Charge for the year	3,459	1,656	50,425	55,540
Balance as at 31.03.2016	47,283	2,982	90,765	141,030
Charge for the year	11,991	994	29,231	42,216
Balance as at 31.03.2017	59,274	3,976	119,996	183,246

Net book value

Balance as at 31.03.2017	57,578	-	-	57,578
Balance as at 31.03.2016	22,430	994	29,231	52,655

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

10. Intangible assets

The Group

<u>Cost</u>	<u>Software</u>	<u>Software under development</u>	<u>Total</u>
	\$	\$	\$
Balance as at 01.01.15	542,705	60,100	602,805
Additions	296,244	59,393	355,637
Balance as at 31.03.16	838,949	119,493	958,442
Additions	176,203	91,946	268,149
Transfer	64,490	(64,490)	-
Translation	2,916	-	2,916
Balance as at 31.03.17	1,082,558	146,949	1,229,507
<u>Accumulated amortisation</u>			
Balance as at 01.01.15	174,962	-	174,962
Charge for the year	94,637	-	94,637
Balance as at 31.03.16	269,599	-	269,599
Charge for the year	104,124	-	104,124
Translation	2,398	-	2,398
Balance as at 31.03.17	376,121	-	376,121
<u>Net Book Value</u>			
Balance as at 31.03.17	706,437	146,949	853,386
Balance as at 31.03.16	569,350	119,493	688,843

The Company

<u>Cost</u>	<u>Software</u>	<u>Software under development</u>	<u>Total</u>
	\$	\$	\$
Balance as at 01.01.2015	542,705	60,100	602,805
Additions	283,363	59,393	342,756
Balance as at 31.03.2016	826,068	119,493	945,561
Additions	169,720	91,946	261,666
Transfer	64,490	(64,490)	-
Balance as at 31.03.2017	1,060,278	146,949	1,207,227
<u>Accumulated amortisation</u>			
Balance as at 01.01.2015	174,962	-	174,962
Charge for the year	94,600	-	94,600
Balance as at 31.03.2016	269,562	-	269,562
Charge for the year	98,408	-	98,408
Balance as at 31.03.2017	367,970	-	367,970
<u>Net book value</u>			
Balance as at 31.03.2017	692,308	146,949	839,257
Balance as at 31.03.2016	556,506	119,493	675,999

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

11. Deferred tax asset / liability

<u>Deferred tax asset</u>	<u>The Group</u>	
	<u>2017</u>	<u>Restated</u> <u>2016</u>
	\$	\$
Balance as at beginning of the year	42,905	-
Credited to statement of comprehensive income	4,798	42,905
Translation difference	2,534	-
Balance as at end of the year	<u>50,237</u>	<u>42,905</u>
Represented by:		
Excess of tax written down value over net book value of plant & equipment	<u>50,237</u>	<u>42,905</u>

Deferred tax assets are recognised for capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

<u>Deferred tax liability</u>	<u>The Group</u>	
	<u>2017</u>	<u>Restated</u> <u>2016</u>
	\$	\$
Balance as at beginning of the year	94,500	63,003
Charged to statement of comprehensive income	32,000	29,371
Translation difference	-	2,126
Balance as at end of the year	<u>126,500</u>	<u>94,500</u>
Represented by:		
Excess of net book value over tax written down value of plant & equipment	126,500	114,500
Unutilised capital allowances	-	(20,000)
	<u>126,500</u>	<u>94,500</u>

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Deferred tax asset / liability – cont'd

<u>Deferred tax liability</u>	<u>The Company</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
Balance as at beginning of the year	94,500	49,500
Charged to statement of comprehensive income	32,000	45,000
Balance as at end of the year	<u>126,500</u>	<u>94,500</u>
Represented by:		
Excess of net book value over tax written down value of plant & equipment	126,500	114,500
Unutilised capital allowances	-	(20,000)
	<u>126,500</u>	<u>94,500</u>

12. Interests in subsidiaries

	<u>The Company</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
Unquoted equity shares, at cost	280,060	280,060
Amount owing by subsidiary - non-trade	400,000	400,000
	<u>680,060</u>	<u>680,060</u>

The amounts owing are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future.

<u>Name of subsidiary companies</u>	<u>Country of incorporation and business</u>	<u>Principal activities</u>	<u>Investment cost</u>		<u>Percentage of equity held</u>	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			\$	\$	%	%
Pay Asia Management Private Limited	India	Payroll, hiring & staffing services	275,299	159,299	100%	100%
Pay Asia Ltd	Hong Kong	Payroll services	1,664	1,664	100%	100%
Pay Asia Services Limited, Inc	Philippines	Payroll services	3,086	3,086	100%	100%
Pay Asia Australia Pty Ltd	Australia	Payroll services	11	11	100%	100%

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Trade & other receivables

	<u>31.3.2017</u>	<u>Restated 31.3.2016</u>	<u>Restated 01.01.2015</u>
	\$	\$	\$
<u>The Group</u>			
<u>Current</u>			
Trade receivables	2,190,301	1,806,681	1,000,999
Accrued income	869,343	1,258,168	-
Prepayments	259,051	183,409	222,514
Deposit	125,036	119,858	87,055
Amount owing by related party - non-trade (i)	164,836	94,061	59,227
Other receivables	278,910	116,584	127,641
Tax paid in advance	290,955	-	-
Reimbursement rights for gratuity [Note 6 (b)]	53,567	-	-
Less: Provision for doubtful debts	-	-	(73,653)
	<u>4,231,999</u>	<u>3,578,761</u>	<u>1,423,783</u>
<u>Non-current</u>			
Reimbursement rights for gratuity [Note 6 (b)]	133,860	136,012	70,015
Total trade & other receivables	<u>4,365,859</u>	<u>3,714,773</u>	<u>1,493,798</u>

The currency profile of trade & other receivables are as follows:

Indian rupees	2,360,087	2,442,114	540,141
Singapore dollars	1,625,640	1,229,914	898,337
Others	380,132	42,745	55,320
	<u>4,365,859</u>	<u>3,714,773</u>	<u>1,493,798</u>

The Company

Trade receivables	1,381,869	967,316
Deposit	66,681	66,681
Amount owing by subsidiary - non-trade (ii)	45,479	198,657
Amount owing by related party - non-trade (i)	164,836	94,061
Other receivables	98,626	101,856
	<u>1,757,491</u>	<u>1,428,571</u>

The currency profile of trade & other receivables are as follows:

Singapore dollars	1,671,118	1,375,162
Others	86,373	53,409
	<u>1,757,491</u>	<u>1,428,571</u>

- (i) Amount owing by related party are companies with common shareholders and the directors have significant influence. The amounts are unsecured, interest free and repayable on demand.
- (ii) Amount owing to subsidiary are unsecured, interest free and repayable on demand.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. Bank balances

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>The Group</u>		
Cash & bank balances	272,520	446,458
Clients' monies (Note 16)	2,484,507	2,794,643
	<u>2,757,027</u>	<u>3,241,101</u>

The currency profile of cash & bank balances are as follows:

Australian dollars	9,253	14,803
Hong Kong dollars	21,551	47,807
Philippines peso	9,106	147,873
Indian rupees	567,104	849,590
Singapore dollars	2,134,222	2,179,768
Others	15,791	1,260
	<u>2,757,027</u>	<u>3,241,101</u>

The Company

Cash & bank balances	15,523	51,108
Clients' monies (Note 16)	2,134,490	2,129,920
	<u>2,150,013</u>	<u>2,181,028</u>

The currency profile of cash & bank balances are as follows:

Singapore dollars	2,134,222	2,179,768
Others	15,791	1,260
	<u>2,150,013</u>	<u>2,181,028</u>

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Share capital and treasury shares

	<u>No of ordinary shares</u>				
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>
			\$	\$	\$
<u>2017</u>					
Beginning & end of year	25,200	(1,764)	50,400	(183,000)	20,000
<u>2016</u>					
Beginning of year	25,200	(504)	50,400	(38,000)	20,000
Treasury shares purchased	-	(1,260)	-	(145,000)	-
End of year	25,200	(1,764)	50,400	(183,000)	20,000

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

In 2016, the Company acquired 1,260 treasury shares from a director for \$145,000.

16. Trade & other payables

	<u>31.3.2017</u>	<u>Restated 31.3.2016</u>	<u>Restated 01.01.2015</u>
<u>The Group</u>	\$	\$	\$
<u>Current</u>			
Trade payables	344,729	1,111,894	640,963
Advances of clients' monies	2,484,507	2,794,643	1,915,634
Advance payments from customers	275,984	25,690	19,690
Accruals	2,236,961	1,777,971	313,644
Amount owing to directors (i)	106,299	-	-
Provision for gratuity [Note 6(a), 6(b)]	55,475	-	-
Dividends payable	8,750	-	-
Other payables	110,804	90,092	46,956
	5,623,509	5,800,290	2,936,887
<u>Non-current</u>			
Provision for gratuity [Note 6(a), 6(b)]	176,083	164,953	97,743
Total trade and other payables	5,799,592	5,965,243	3,034,630

The currency profile of trade & other payables are as follows:

Australian dollars	92,913	88,177	13,460
Hong Kong dollars	38,148	35,823	21,713
Indian rupees	2,991,798	3,081,241	1,096,142
Philippines peso	27,895	129,864	50,760
Singapore dollars	2,489,174	2,630,138	1,689,122
Others	159,665	-	163,433
	5,799,592	5,965,243	3,034,630

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Trade & other payables – cont'd

	<u>2017</u>	<u>2016</u>
<u>The Company</u>	\$	\$
Trade payables:		
- Third parties	543,593	735,592
- Advances of clients' monies	2,134,490	2,129,920
	<u>2,678,083</u>	<u>2,865,512</u>
Other payables:		
- Advance payments from customers	25,690	25,690
- Accruals	14,730	-
- Amount owing to directors (i)	106,299	-
- Dividends payable	8,750	-
- Other payables	3,480	3,480
	<u>2,837,032</u>	<u>2,894,682</u>

The currency profile of trade & other payables is as follows:

Australian dollars	9,256	23,053
Hong Kong dollars	1,190	4,126
Japanese yen	3,466	8,788
Singapore dollars	2,666,149	2,704,072
South African rand	-	31,221
US dollars	105,620	82,511
Others	51,350	40,911
	<u>2,837,032</u>	<u>2,894,682</u>

(i) Amount owing to directors are unsecured, interest free and repayable on demand.

17. Borrowings

	<u>The Group & The Company</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Current</u>		
Bank overdraft	100,635	-
Term loan	136,451	-
	<u>237,086</u>	<u>-</u>
<u>Non-current</u>		
Term loan	126,049	-
Total borrowings	<u>363,135</u>	<u>-</u>

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. Borrowings – cont'd

The overdraft and term loan is secured by personal guarantees from directors. Bank overdraft bears interests of 12.8% per annum (p.a.) and the term loan bears interests of 6.75% p.a. The term loan is repayable over monthly 24 monthly installments commencing on December 2016. The amounts are in Singapore dollars.

The fair value of non-current term loan is expected to approximate their carrying values. The fair value of non-current borrowings is estimated using a discounted cash flows approach, which discounts the contractual interest rates at 6.75%, which equals to the estimated current market rates. The estimated fair value of the non-current borrowings is categorized within level 2 of the fair value hierarchy.

18. Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group with related parties at agreed amounts:

	<u>The Group</u>	
	<u>2017</u>	<u>2016</u>
	\$	\$
With companies in which the directors have an interest:		
Services rendered	-	53,991
Advances made / payment on behalf	156,519	1,871

19. Dividends

During the financial year, dividends of \$5.33 (2016: \$6.08) per ordinary share amounting to \$125,000 (2016: \$150,000) was declared in respect of the previous financial year, of which \$116,250 (2016: \$150,000) was paid.

20. Capital risk commitment

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth.

The capital structure of the Group comprises only of issued capital, treasury shares, other reserves and retained earnings. The Group overall strategy remains unchanged from 2016. The Group is not subject to any externally imposed capital requirements.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21. Operating lease commitments

Operating lease commitments in respect of leasehold land are as follows:

	The Group & the Company	
	31/3/2017	31/3/2016
	\$	\$
Payable within 1 year	179,260	178,213
Payable within 2-5 years	24,700	133,660
	<u>203,960</u>	<u>311,873</u>

22. Financial risk management

Finance risk factors:

The Group and the Company are exposed to market risk (including interest rate and foreign currency risks), credit risk and liquidity risk. The Company's overall risk management seeks to minimise potential adverse effects of these risks on the financial performances of the Company. The board of directors of the Group and the Company review and agree policy and procedures for the management of these risks and they are summarised below.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the company are bank deposits and trade receivables.

Management has adopted the policy of only dealing with credit worthy parties.

At the end of the reporting period, there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Financial assets that are neither past due nor impaired

Trade & other receivables that are neither past due nor impaired are creditworthy debtors with good records with the Group. Cash & 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 past due but not impaired

The Group has trade receivables amounting to \$720,907 (2016: \$1,037,778) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22. Financial risk management - cont'd

Finance risk factors – cont'd:

(a) Credit risk – cont'd

	31.3.2017	Restated 31.3.2016	Restated 1.4.2015
	\$	\$	\$
Current	1,469,394	768,903	532,472
Past due:-			
Less than 30 days	302,779	552,233	197,082
31 - 60 days	67,091	282,786	91,277
More than 60 days	351,037	202,759	161,277
	<u>2,190,301</u>	<u>1,806,681</u>	<u>982,108</u>

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group and the Company maintains adequate reserves of cash to meet its liquidity requirements. The financial liabilities of the Group and the Company as at reporting date will mature within one year based on the carrying amounts reflected in the financial statements, except for a portion of the term loan and gratuity (both classified as non-current liability) which will mature within two years and after two years respectively.

(c) Interest rate risk

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

The Group and the Company has no significant exposure to interest rate risks.

(d) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group and the Company incurs foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the Singapore dollars. There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group endeavors to keep the net exposure at an acceptable level.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22. Financial risk management - cont'd

Finance risk factors – cont'd:

(d) Foreign currency risk – cont'd

Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity to a reasonably possible change in the exchange rate between the functional currency of the respective subsidiaries and the Singapore dollars on the Group's profit before tax, as well as on the Company's profit before tax resulting from the Company's foreign exchange exposures.

A 5% (2016: 5%) strengthening of the Singapore dollar against other currencies at the end of the reporting period would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant and is performed on the same basis for financial year ended 2016.

	01.04.2016 - 31.03.2017	Restated 01.01.2015 - 31.03.2016	Restated 01.01.2014 - 31.12.2014
	\$	\$	\$
The Group	(490)	16,938	(13,786)
The Company	(3,436)	(9,255)	(9,252)

A 5% (2016: 5%) weakening of the Singapore dollar against the other currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

23. Fair value of financial instruments

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost.

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statement of financial position by the class of the financial instrument to which they are assigned and therefore by the basis of measurement.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. Fair value of financial instruments – cont'd

(a) Classification of financial instruments – cont'd

	<u>31.3.2017</u>	Restated <u>31.3.2016</u>	Restated <u>01.01.2015</u>
	\$	\$	\$
The Group			
<u>Assets - loans & receivables</u>			
Trade & other receivables	3,815,853	3,531,364	1,271,284
Bank balances	2,757,027	3,241,101	2,496,693
	<u>6,572,880</u>	<u>6,772,465</u>	<u>3,767,977</u>
<u>Liabilities - liabilities at amortised cost</u>			
Trade & other payables	5,799,592	5,965,243	3,062,630
Borrowings	363,135	-	-
	<u>6,162,727</u>	<u>5,965,243</u>	<u>3,062,630</u>
	<u>2017</u>	<u>2016</u>	
	\$	\$	
The Company			
<u>Assets - loans & receivables</u>			
Trade & other receivables	1,757,491	1,428,571	
Bank balances	2,150,013	2,181,028	
	<u>3,907,504</u>	<u>3,609,599</u>	
<u>Liabilities - liabilities at amortised cost</u>			
Trade & other payables	2,837,032	2,894,682	
Borrowings	363,135	-	
	<u>3,200,167</u>	<u>2,894,682</u>	

(b) Fair value

The carrying value of the financial instruments reported on the statement of financial position approximate their respective fair value due to the relatively short term maturity of these financial instruments, and due to the discounting of non-current receivables and payables to present value.

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

24. Restatement

During 2017, the Group determined that it should have recognised certain transactions (including pension liability) in its previously issued financial statements. As a result, the Group has restated its previously issued financial statements for the years ended 31 December 2014 and 31 March 2016 and has recorded a prior period adjustment to the relevant income and expense items along with the requisite adjustment to retained earnings. The restatement resulted in the following adjustments:

**Effects on consolidated statement of comprehensive income for the period
1 January 2015 to 31 March 2016**

	<u>Restated</u>	As previously <u>reported</u>	<u>Difference</u>
	\$	\$	\$
Revenue	25,440,766	24,182,598	1,258,168
Subcontractors	(7,531,815)	(6,283,124)	(1,248,691)
Employee benefits expense	(15,530,407)	(15,520,284)	(10,123)
Other operating expenses	(1,538,238)	(1,515,681)	(22,557)
Finance costs	(14,914)	-	(14,914)
Defined benefit plan remeasurement - actuarial gains	8,236	-	8,236

Effects on consolidated statement of financial position as at 31 March 2016

	<u>Restated</u>	As previously <u>reported</u>	<u>Difference</u>
	\$	\$	\$
<u>ASSETS</u>			
<u>Non-current assets</u>			
Trade & other receivables	136,012	-	136,012
Deferred tax asset	42,905	-	42,905
<u>Current assets</u>			
Trade & other receivables	3,578,761	2,320,593	1,258,168
<u>EQUITY & LIABILITY</u>			
Retained earnings	1,932,428	1,977,434	(45,006)
Other reserves	28,236	20,000	8,236
<u>Non-current liabilities</u>			
Trade & other payables	164,953	-	164,953
Deferred tax liability	94,500	51,595	42,905
<u>Current liabilities</u>			
Trade & other payables	5,800,290	4,534,293	1,265,997

PAY ASIA PTE LTD AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24. Restatement – cont'd

Effects on consolidated statement of cash flows for the period from 1 January 2015 to 31 March 2016

	<u>Restated</u>	As previously <u>reported</u>	<u>Difference</u>
	\$	\$	\$
Profit before taxation	595,813	633,930	(38,117)
Total changes in working capital, net of effects from:			
Trade & other receivables	(3,033,987)	(896,810)	(2,137,177)
Trade & other payables	2,730,363	1,284,078	1,446,285
Dividends paid	(150,000)	-	(150,000)
Cash & cash equivalents at beginning of the ye	581,059	2,496,693	(1,915,634) (a)
Cash & cash equivalent as at end of the year	446,458	3,241,101	(2,794,643) (a)

(a) Reduction resulted from reclassification as client's monies (restricted cash).

Effects on consolidated statement of financial position as at 1 January 2015

	<u>Restated</u>	As previously <u>reported</u>	<u>Difference</u>
	\$	\$	\$
<u>ASSETS</u>			
<u>Non-current assets</u>			
Trade & other receivables	70,015	-	70,015
<u>EQUITY & LIABILITY</u>			
Retained earnings	1,667,118	1,674,007	(6,889)
<u>Non-current liabilities</u>			
Trade & other payables	97,743	-	97,743
<u>Current liabilities</u>			
Trade & other payables	2,936,887	2,957,726	(20,839)

25. Comparative figures

The comparative financial information of the Company and the Group for the previous financial year was audited by another firm of auditors.

Comparative amounts have been regrouped or reclassified whenever considered necessary to conform to current year classification.

The previous financial period covers a 15-month period from 1 January 2015 to 31 March 2016 and hence the figures are not entirely comparable.

26. Subsequent events

Subsequent to financial year ended 31 March 2017, the Company entered into an agreement to acquire a company incorporated in Sri Lanka of which the completion of this transaction is dependent upon the fulfilment of certain conditions. At the date of this report, the acquisition has not been completed.

27. Authorisation of financial statements

The board of directors authorise these financial statements for issue on 31 October 2017.