Digimatic Group

Annual Report FY2017

Into an Era of AdTech

FY2017 has proven to be one of growth and learning for the Digimatic Group Ltd. (ASX: DMC). Moving forward, our goal is to stay on the forefront of Digital Performance Based Marketing, bringing the Digimatic brand to greater heights.

CONTENTS

THE DIGIMATIC BRAND

DMC is a leading digital performace marketing engine that empowers brands to connect their customers in the most effective way in order to deliver the highest ROI. The collective brainchild of like-minded Digital Thought Leaders, DMC was created in response to the growing power of digital media in shaping consumer perception and engagement. Since its inception, it has generated millions in revenue adapting and harnessing the latest in ad tech innovation. DMC has since rapidly become one of the leading Digital Performance Marketers in the region.

"Under the collective leadership of the management, DMC has since rapidly become one of the leading Digital Performance Marketers in the region, generating millions in revenue."

MISSION

Empowering brands through advertising technology and creative technology innovation solutions to connect with their customers in the most effective way.

VISION

To be the true global leader in digital performance marketing and advertising.

OUR BRANDS

Ace Profit Academy - Ace Profits Academy is Singapore's leading Events and Seminar Organiser. We aspire to empower ordinary individuals with the right skills and knowledge to help them scale greater heights in the areas of Wealth, Wellness and Personal Development and Investment Seminars in Singapore.

Anonymous Production and 360VR Asia - The cyber powerhouses in Performance Video Marketing and 360VR Marketing. We serve to engage our audiences with rich, immersive content optimised for digital amplification.

Wewe Media – A leading affiliate marketing network with over 10+ years of industry experience, we specialise in running performance campaigns for global clients. Our revolutionary AI-powered platform continually learns from your target audience's behaviour and runs data-driven analysis to design the best tailored campaigns for your brand.

CHAIRMAN'S STATEMENT

"Our strong talent pool and in-house capabilities also allow us to fulfil our vision and create value for our clients."

Clive Tan
Non-Executive Chairman

We believe that the company will be able to strategise and give an even stronger performance in the future.

Dear Shareholders,

Digimatic Group Ltd (ASX:DMC) has, since its listing on 16 December 2015 on the Australian Securities Exchange (ASX), been working on a Digital Transformation model for our customers. Despite being the best option, the process has not been a simple and straightforward one. We need to completely understand the clients' market strategies and operational processes and be able to customise a complete solution that will encompass the branding, marketing requirements and technological platform of the clients.

Instead of attempting to perfect an overcomplicated process for relatively few key clients, Digimatic Group has aligned and refocused our efforts towards strategising and executing marketing solutions that sell across the board. For that alignment to succeed, it was mutually agreed between the various parties involved that the sale of a business unit (Digimatic Solutions) is necessary for the transition to take place.

So with the focus back to the core strengths of Digimatic Group, we believe that the company will be able to strategise and give an even stronger performance in the future. Our strong talent pool and in-house capabilities also allow us to fulfil our vision and create value for our clients.

In the technological and economic climate that Digimatic Group is in, a dynamic business must be able to continually tweak their strategies to capitalise on opportunities that will facilitate growth. Digimatic Group will leverage on our capabilities and network to add even more value to both clients, employees and shareholders. This is the only sustainable way to grow our company.

From my point of view and my understanding of the Law of Cause and Effect, to achieve the result that we want, we must build a cohesive team, regardless of belief systems, experiences and cultural differences. Hence, a focus on a company's culture is crucial, especially so in a dynamic sector like ours. A review of the recent success stories, such as Google, Facebook and Amazon, placed much emphasis on providing a great environment and corporate culture that will enable a team of high achievers to work well together. This also provides a conducive environment in which work-life integration is encouraged.

The future of Digimatic Group will be constructed around the strengths of the group and our culture. We must continue to have a healthy balance sheet with strong liquidity, and to be prudent so we do not make investments or take acquiring stakes in companies lightly just because we have the liquidity. I would like to thank all our shareholders sincerely for their understanding and support of Digimatic Group as we reinvent for a brighter future.

DIRECTOR'S STATEMENT

> "The potential is infinite, and so is the business. I wish to scale DMC to become a true global leader in PBM, spearheading the digital transformation globally."

Ivan Ong
Executive Director

Dear Digimatic Shareholders,

It brings me great pleasure to update you on Digimatic Group Ltd.'s performance, as well as our strategies and the future ahead. Over the past financial year, the group has registered a revenue of S$15,246,612 and a net profit attributable to members of S$1,111,038 for the financial year ended 31st March 2017. This is a significant jump from FY2016, highlighting a 68% growth in revenue, and a 30% growth in net profit attributable to members. These are promising results for a young company as we continue to strive for fast growth in the Digital economy.

FY2017 has been an eventful work year with various peaks and valleys. Earlier this year, the group underwent a major change with the exit of Digimatic Solutions. Our initial plans for combining a technology and marketing company failed to coagulate due to a difference in focus of business strategy, clientele base and alignment. Nevertheless, DMC continues to prosper by creating value in the group's endeavours moving forward, as we pursue a strategy that focuses on our core strength of Advertising Technology (AdTech) and ROI Performance-Based Marketing (PBM).

Amidst our challenges, we have clinched multiple wins. Wewe media for instance, has undergone a pivotal change, progressing their business model from direct media buying to affiliate / traffic network platform by utilizing machine learning technology to achieve super human campaign optimization processes. This potentially increases their penetration and efficiently monetizes various forms of traffic, providing good ROI for clients and partners. Likewise, Digimatic Media and Creatives have seen a steady growth in their reach across the SEA region, from opening new overseas branches to securing regional projects within SEA. Despite the uncertain economic challenges, individual subsidiaries continue to be self-sufficient and scale aggressively.

OUR VISION AND MISSION

At a group level, our journey strides towards being a true global leader in PBM. AdTech establishes and strengthens our fundamentals, which serve as building blocks to achieve our vision.

In fact, AdTech has always been our core engine of growth, dating as far back as 10 years ago. In today's context, it remains more relevant than ever, especially for companies who seek to break through digital noise and clutter, and to achieve actual ROI delivery and conversions.

Utilising the power of automation alongside AdTech, DMC will make the leap forward to achieve superhuman optimisation. Our strategy lies within 3 aspects: AdTech, Human Capital and Ventures.

ADTECH PYRAMID OF GROWTH

Strengthening our AdTech structure is our newly established Pyramid of Growth. The Pyramid signifies a model of strength and stability, with individual building blocks set to create something bigger and more extraordinary. Our three points of strategy are to *Refine, Innovate and be Consistent*.

Consistency – With our proven PBM methodology established and refined over the years, DMC will continue to deliver positive ROI and quality lead generation.

Refine – Through constant fine-tuning of our machine learning system, we enhance and optimise our in-house technology to make it smarter, faster and more efficient.

Innovate – We must understand the evolving consumer behaviour in Ad consumption, engaging our audience with rich, immersive content optimised for digital amplification.

By working within the guidelines of the Pyramid, we can have a clear understanding and strategy to ensure longevity and scalability of the company.

HUMAN CAPITAL

In DMC, human capital is our biggest asset. We understand that a company's success relies largely on the team running the operations. When you take good care of the employees' welfare, they in return take care of your company's KPIs. Essentially, a company is only as good as its people. DMC ensures a dynamic culture of fun as we want our employees to feel proud about working in DMC, and to know that they play a part in building DMC's vision of becoming a True Global Leader in Digital Performance Marketing.

VENTURES

As of 31st March 2017, a large part of cash raised from IPO (16th December 2015) has yet to be deployed and we are very careful in reviewing every investment opportunity to ensure that they are synergistic to DMC's business model. Our plans for Digimatic Ventures aims to acquire or partner up with companies with good management and a scalable business model through Merger & Acquisition, Investments, Incubation and Entrepreneurships. DMC continues to work towards becoming a conglomerate of Internet businesses by leveraging the power of the Internet. This will scale and grow the businesses globally.

BUSINESS IS INFINITY

The future of DMC looks bright with the abundance of digital opportunities available. We are at the forefront of the digital transformation wave and are poised to take full advantage of the ever-increasing demand for digital transactions.

The potential is infinite, and so is the business. In my 20s, I forged multiple 7-figure businesses, and now in my early 30s, an 8-figure business. Perhaps in my 40s, I wish to scale DMC into a 9-figure business, and become a true global leader in PBM, spearheading the digital transformation globally.

I sincerely thank all shareholders for your continued support. We look forward to growing with you in this Internet arena in the years ahead.

Thank you.

KEY MANAGEMENT TEAM

Mr Tan advises on corporate governance, strategic planning and direction for the company. As co-founder and executive director of 8I Holdings, he is responsible for the strategic planning, development and risk management of its businesses including education and investments in listed securities and private equity.

Clive Tan Che Koon
Non-Executive Chairman

Mr Lewis has over 20 years' experience and leadership of small cap multinational companies. He has undertaken various corporate advisory roles with ASX companies and has extensive international experience as President of the Commtech Wireless Group of software companies world-wide.

Zane Robert Lewis
Non-Executive Director and
Compliance Manager

Through his many years as a seasoned Digital Entrepreneur, Mr Ong has amassed a deep pool of experience and knowledge in the digital advertising space that has helped many companies across the world achieved astonishing ROI on their business.

Ivan Ong
Executive Director

Ms Chung has more than 15 years' extensive experience in financial reporting, tax, corporate finance, mergers and acquisitions, treasury, risk management and auditing. Today, she spearheads investor relations, treasury functions and financial strategies to support tactical initiatives as CFO of Digimatic Group.

Chung Pit Lee
Chief Financial Officer

SUBSIDIARIES DIRECTORS

1 Ms Jane Neo's tremendous sales and online marketing results has helped to shape up Digimatic Media's systems and processes, which enables the business to scale effectively and regionally in a very short period of time.

Jane Neo
Managing Director, Digimatic Media Pte Ltd

2 Mr Nick Tan is an award-winning video content director, and a multi-faceted media professional. With his proven track record, he has built a reputation for Anonymous Production and 360 VR Asia as one of the leading media content production and marketing agencies in Asia Pacific.

Nick Tan
Managing Director, Digimatic Creatives Pte Ltd

3 Mr Aaron Tan is a performance advertising professional well-versed in lead generation and client acquisition services via mobile and desktop advertising. As a cofounder of Wewe Media, a Mobile Advertising agency focused on running performance-based marketing campaigns for clients worldwide.

Aaron Tan
Managing Partner, Wewe Media Group Pte Ltd

4 Mr Ronny Lua has been a performance advertising pioneer since 2008, working on strategic advertising campaigns for clients from varied backgrounds. He co-manages Wewe Media Group and currently handles its business development, identifying new opportunities managing strategic partnerships.

Ronny Lua
Managing Partner, Wewe Media Group Pte Ltd

5 A Wewe Media co-founder, Mr Danny Lua currently manages the media buying team, app development and monetisation teams and helps in strategising international growth/ development plans for the company.

Danny Lua
Managing Partner, Wewe Media Group Pte Ltd

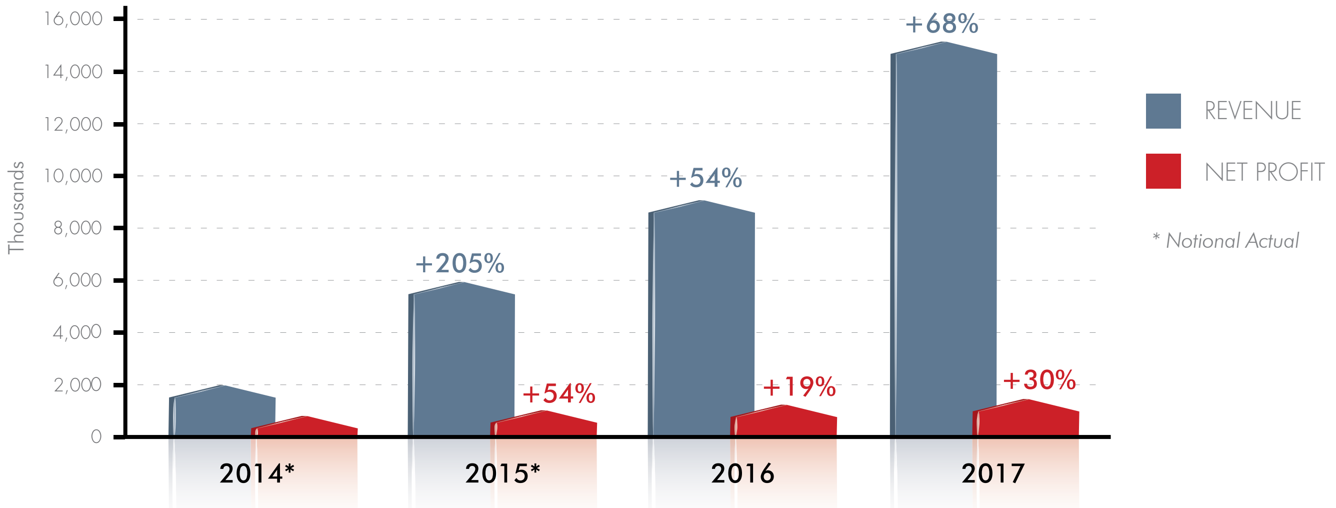
REVIEW OF PERFORMANCE OF THE GROUP

These components have become increasingly relevant and applicable in the digital age, transforming how businesses communicate with their customers.

OVERVIEW

Digimatic Group Ltd. (ASX: DMC) is a Leading Digital Performance Marketing engine that empowers brands to connect their customers in the most effective way. Founded as a small group of like-minded digital marketers, the group takes pride in helping traditional businesses leverage on and maximize digital technologies to transform their businesses into sustainable and scalable ones. Digimatic aims to rapidly become one of the leading Digital Performance Marketer in this region.

The total consolidated revenue and net profit attributable to members for the financial year ended 31 March 2017 was S$15.25 million and S$1.11 million respectively. Comparing to the FY16 results, this is a growth of 68% in revenue and 30% in net profit attributable to members.



Driving this growth, is the continuous development of our Advertising Technology (AdTech) platform to enhance marketing performance through measurable ROI for our clients, and the integration of Creative Technology such as Virtual Reality (VR) and Augmented Reality (AR) to our offering. These components have become increasingly relevant and applicable in the digital age, transforming how businesses communicate with their customers, as well as how their business operates. DMC continues to be a disruptive innovator that rides on the digital transformation trends, endeavouring to become a leading global company.

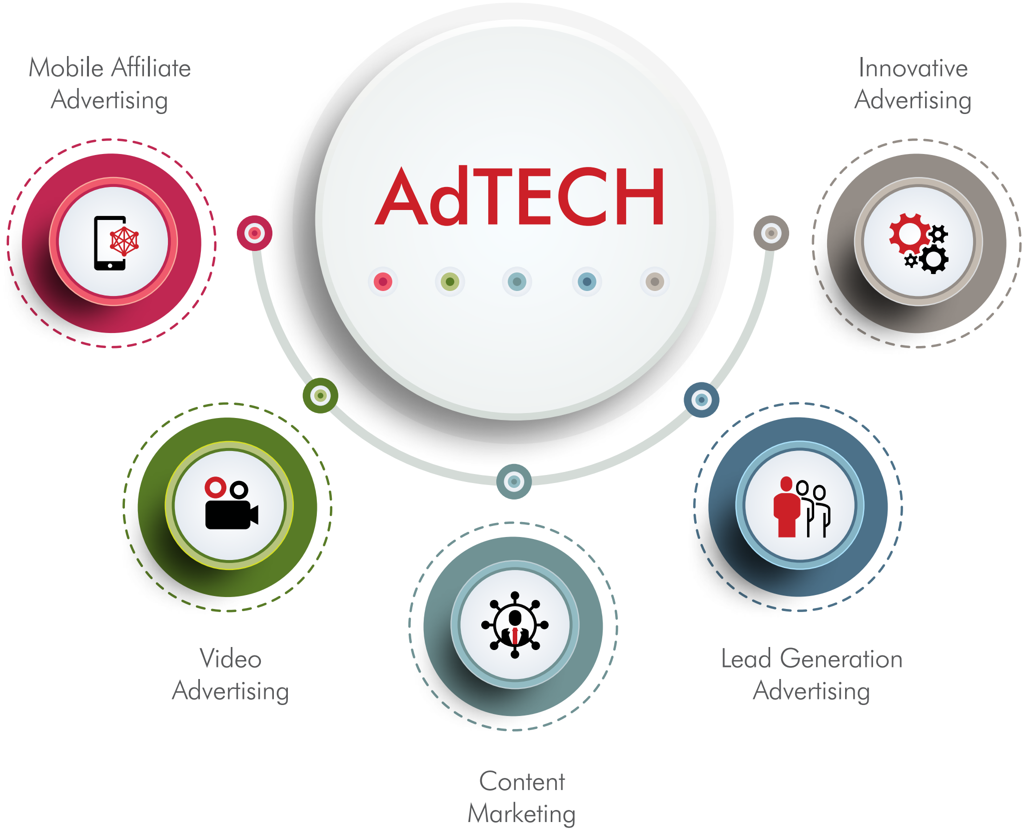
By constantly innovating, acquiring and refining AdTech tools, it empowers DMC to fully optimize output through accurate prediction and recommendation of products that consumers desire. True value adding is realized by transforming digital advertising into a personal experience that is customized, personalized to drive incremental sales.

PAVING THE WAY WITH ADVERTISING TECHNOLOGY

Unlocking the potential of digital mediums

WHAT IS AdTECH?

Powered by technologies that enable programmatic buying and selling of advertisements, AdTech is a growing disruptive force in the global advertising sector.



WHY IS AdTECH IMPORTANT?

Powered by technologies that enable programmatic buying and selling of advertisements, AdTech is a growing disruptive force in the global advertising sector.

Set growth of global AdTech revenue by 2020

300%

Source: AdTech Vendor Benchmark report from Technology Business Research (TBR)

Year-by-year growth rate in digital video advertising spending

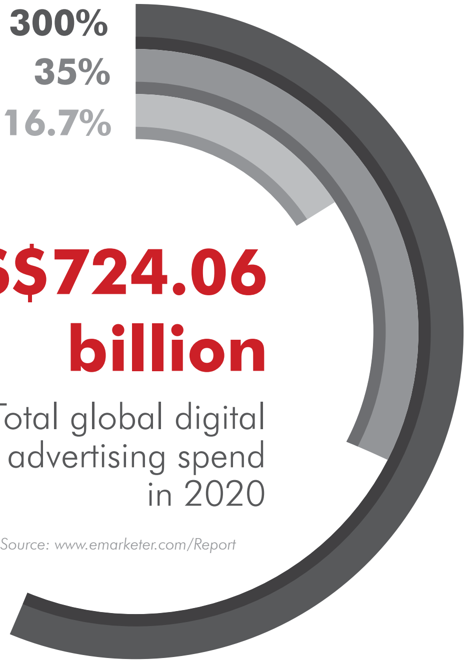
35%

Source: www.mdgadvertising.com

Share of online time spent on Facebook

16.7%

Source: www.emarketer.com/corporate/reports



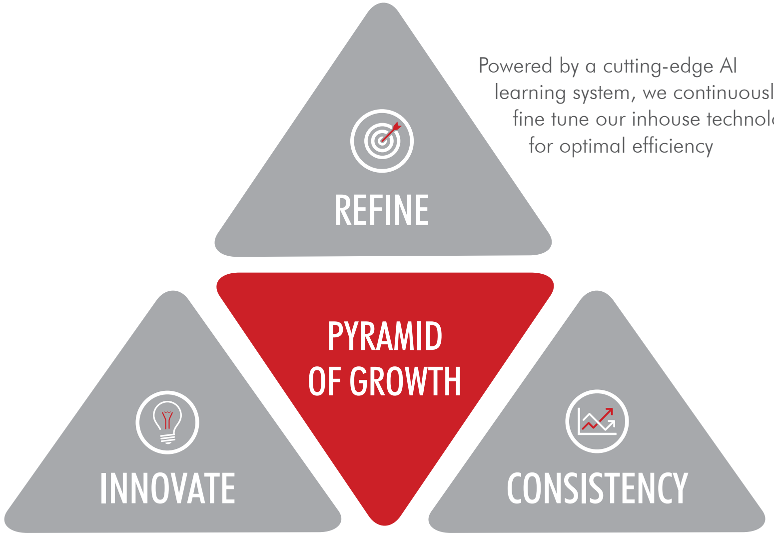
US$724.06 billion

Total global digital advertising spend in 2020

Source: www.emarketer.com/Report

OUR PYRAMID OF GROWTH

Hinged on three fundamental gears of growth, our services are curated to maximise quality leads, increase conversion, extend outreach and boost sales in a sustainable manner.



Powered by a cutting-edge AI learning system, we continuously fine tune our inhouse technology for optimal efficiency

We evolve to match ever-changing consumer trends, tapping into new mediums to create rich content poised for digital amplification

Refining and adapting our time-tested PBM methodology, we aim to deliver high ROI and quality lead generation in every project

HARNESSING THE POWER OF AdTECH

Recognising the potential in AdTech, we continuously develop our AdTech platforms to enhance marketing performance, providing clients with measurable ROI. We achieve this primarily through cutting-edge solutions like AI machine learning and Creative Technology including Virtual Reality (VR) and Augmented Reality (AR).

By constantly innovating, acquiring and refining AdTech tools, we fully optimise output through accurate prediction and recommendation of products, tailored to consumer interests.

To DMC, true value-adding is realised by transforming digital advertising into a personal experience.

WHAT WE DO

From enhancing customer lifetime value to monetising web traffic, we're a one-stop powerhouse specialising in real-time, performance-driven campaigns globally.

LEAD GENERATION

Extend your reach with ROI-driven strategies. Our pay-per-lead model ensures you maximise your profits with performance-driven marketing.

CONTENT MARKETING & AMPLIFICATION

Establish a strong brand presence with compelling brand stories. Pairing advanced video marketing and VR technology solutions with creative storytelling, we offer your target audience a truly engaging experience.

E-COMMERCE MARKETING

Enhance customer engagement and drive conversions through a versatile toolkit of cross selling, up-selling and Digital marketing.

INTEGRATED CREATIVE SOLUTIONS

Distinguish your brand with innovative ideas, executed with top-of-the-line technology. We invent and reinvent new ways for you to strengthen your brand presence with the latest digital tools available.

APP MARKETING

Drive more in-app sales with higher mobile engagement. Using our host of intelligent solutions, we help you grow your user base and retain acquired users for sustainable results.

EVENTS MARKETING

Maximise your offline lead generation by reaching the widest audience possible online. Our digital outreach secures more potential consumers, driving higher traffic to your events.

OUR FUTURE

ADVERTISING TECHNOLOGY

Driving our growth, is our continuous development of the Advertising Technology (AdTech) platform, enhancing marketing performance through machine learning and the integration of Creative solutions. DMC continues to be a disruptive innovator, adding value by transforming digital advertising into an engaging experience that is personalized to drive incremental sales.

VENTURES

Our journey towards becoming an Internet conglomerate through intrapreneurship, entrepreneurship and acquisition of ventures both purposeful and in line with our business model. These ventures have a proven track record of strong management and business models, with the potential to help DMC reach and expand our skillset.

HUMAN CAPITAL

Human capital is our greatest asset. We focus on creating a cohesive work environment, training, retaining and attracting new talent to ensure that our innovation stays relevant and fresh. Through a dynamic work environment, we hope to cultivate a sense of pride and purpose, valuing every member of the team.

OUR CLIENTS

From banking to industrial leaders, we take pride in delivered proven results for our extensive portfolio of esteemed clients we have accrued over the years.

PROJECTS AND OPERATIONS REVIEW

CREATIVES

Digimatic Creatives Pte. Ltd. (DMR) is the branding and marketing arm of Digimatic Group Ltd. (DMC), specializing in creative content creation as well as the full-fledged, end-to-end branding and marketing solutions for clients. Videos and TVCs production has been the core business since the inception of DMR, formerly known as AP Media Pte. Ltd.. In 2012, the company expanded its portfolio to included VR/ AR solutions as well as strategic branding and marketing activations to help clients achieve their business and marketing objectives.

Combining the efforts from media production, branding and marketing activations, a synergistic unison is realised to effectively help companies better position themselves, and communicate their strengths and unique selling proposition. The company is now a full-fledged integrated branding and marketing solutions firm.

Over the financial year, DMR have achieved multiple significant wins, securing large scale projects and key brands such as DBS, Martell Cognac, Sheraton Hotel, Teambuild, Singapore Registry of Ships and CPG Corporation. For every project, the proposed solutions were highly customised to individual business requirements, crafted strategically to complement multiple business functions such as customer service, sales, marketing and operations.

Whilst the main bulk of the projects are primarily video production, DMR have nonetheless been consistent in delivering 360VR content for clients, namely for clients such as POSB Gallery, Sealink Travel Group and Falcon Incorporation. For most 360VR activations, they are complemented with branding/ marketing strategy which includes a media production, website creation, corporate identity creation, collateral, photography, as well as digital marketing to solutions to increase brand awareness, outreach, and ROI.

DMR's result for FY16 was not fully incorporated into the group as DMR was being acquired on 29 February 2016. The revenue has increased from S$546,556 in FY16 to S$871,320 in FY17. The operating expenses has also increased from S$106,726 in FY16 to S$589,319 in FY17 due to the increase in the headcount as well as the expansion of business operations in Malaysia.

Moving forward in FY18, the team is proud to advise that DMR will be the official 360VR partner for Singapore National Day Parade 2017, supporting a live simulcast and point of view content from the Singapore Red Lion Descend, Tank Commander, Hostage Situation, as well as the Firework segment.

In addition, DMR has acquired the Registered Management Consultant Certification in early 2017, laying the pathway for international recognition as well as a professional mark of distinction, demonstrating competence and professionalism in marketing the company's services to prospective clients. This will open new doors of opportunities as a SPRING certified consultant.

With the present capabilities and business model, DMR's active innovation and adaption has placed it in a stronger position to evolve the business and answer further challenges ahead. DMR will continue to create value for all stakeholders and shareholders alike.

MEDIA

DMC Media segment comprises of Digimatic Media Private Limited (DMM) and Wewe Media Group Pte. Ltd. (WWM). DMM is the media and marketing arm of DMC, specialized in the provision of sustainable business solutions via cost per lead or cost per acquisition digital marketing in consultation with its clients. DMM is also the brand owner of Ace Profits Academy, a leading seminar and events provider known for running successful and quality wealth creation and personal development workshops.

Ace Profits Academy have expanded locally to become one of the leading seminar organizer in the wealth creation, personal development and personal wellness industry. DMM has consistently delivered performance and results for our partners, with a 90% success rate of recurring partnership. Since then, the Ace Profits Academy have expanded their programs offerings from 3 to 12, continuously value adding customers in their financial education.

In addition, DMM has rapidly expanded the Ace Profits Academy footprint to major cities in Malaysia, running multiple events in Kuala Lumpur and Penang. The noteworthy success in DMM Malaysia has generated in more than RM900,000 in revenue in a short span of 5 months, highlighting their exponential growth rate regionally.

As a natural transition, Ace Profits Academy has extended into organizing of mega events, such as the Ace Wealth Convention. The convention educates how wealth can be created through education and understanding of personal profiling and wealth creation. Ace Profits Academy has organized their first mega event in Oct 2016 at Furama City Center, seeing more than 700 participants attending the convention and generating in more than $600,000 in sales from the event.

DMM's revenue has increased by 48% from S$5.06million in FY16 to S$7.48million in FY17, primarily due to the expansion in programs offerings across the past financial year. Nonetheless, operating expenses have also risen by 39% from S$1.70million to S$2.36million due to an increase in staff and resources to cope with the rapid business expansion in Singapore and Malaysia.

With a proven model for overseas expansion, DMM aims to expand the Ace Profits Academy into the Asia Pacific region such as Thailand, Indonesia, Vietnam and Australia.

With DMM's expertise in digital advertising and proven model of overseas expansion, there are few boundaries that may hinder the expansion of Ace Profits Academy global outreach. Through constant innovation and adaptation, DMM effectively maximizes the use of advanced marketing, automation and analytics tools to increase its performance marketing capabilities, generating quality leads and higher return of investment.

WWM is the mobile marketing arm of DMC and specializes in performance-based marketing and leads generation for mobile applications and websites. The company has a large network with over 20 partners and serves up millions of ads impressions daily, providing quality conversions and leads for clients worldwide in the mobile space.

In FY17, WWM has undergone a pivotal development, progressing their business model from direct media buying to affiliate / traffic networking. The revised business model repositions WWM as a cost per acquisition (CPA) network provider, allowing them a wider reach to other advertising networks as well as traffic sources. This enables WWM to efficiently monetize any forms of traffic.

The key challenges faced in the previous model largely revolves around two factors - compromised quality of leads as well as a profit cap pre-determined by the CPA networks that WWM engages in the past. Compromised lead quality such as click losses and network redirecting failures results in a fluctuation of lead conversion rates. Informed about the implication with this business model, WWM took the leap forward with a business model which supports higher growth potential and scalability. Revising the network model allows more flexibility, and efficiently reach out to larger pool of advertisers, while minimizing data compromise, for more data consistency and reliability.

Reviewing the past financial year, WWM has had remarkable wins in their technology development, product offerings as well as affiliate network traffic acquisition. Its revenue has increased by 88% from S$2.40million in FY16 to S$4.52million in FY17. However, WWM profits margin had been significantly reduced as to capture the traffic and market share. This had resulted a loss position of S$287,673 in FY17 as compared to a profitable position of S$75,682 in FY16.

Additionally, WWM has grown its product offerings, increasing its direct advertisers from 0% - 65% in their network. Various versions of Intellink products were customised and developed to cater and facilitate worldwide traffic monetisation.

In areas of traffic acquisition, the team has grown their affiliate network and traffic sources from 0 to 1,200 affiliates in a span of 8 months. This widens the network options for greater diversity, reliability and quality leads options to serve their clients. Key clients include Grab, King (Candy Crush), CCleaner and McAfee.

With WWM continual efforts to aggressively improves their internal core systems and processes to serve a larger clientele base, emphasising on data quality and reducing unnecessary loss. WWM continues to grow significantly, riding on the thriving mobile advertising arena.

SOLUTIONS

During the financial year, DMC has disposed two wholly owned subsidiaries, Digimatic Solutions Pte. Ltd. (DMS) and Digimatic Australia Pty. Ltd. to Mr. Hui Jie Lim, former CEO and Executive Director of the Company.

DMS was initially acquired as part of DMC's IPO offering in 2015, together with interests in DMM and WWM. DMS is a platform and technology provider for brands to market and manage their products and services to a global audience. DMS offer brands a comprehensive range of online and offline platform solutions to reach target audiences.

The expected synergy from the merger and collaboration within the group did not materialise due to the differing focus in business strategy and clientele base.

The Board believes the Group's fundamentals will be strengthen after the restructuring and will provide greater clarity in pursuing a strategy that focuses on its core strength of Advertising Technology (AdTech), creating greater value in the group's endeavours moving forward.

VENTURES

DMC continues to focus on its value investing methodology and explores the options to invest in various companies that can be acquired at an undervalued or reasonable price. DMC continues to work towards, and grow itself into a conglomerate of internet businesses by leveraging on the power of the Internet. This would allow the Company to scale and grow its businesses globally. DMC has considered several investments in the past year however none of the opportunities has met the stringent metrics required to validate an investment. The company will continue to seek and review investment opportunities that are synergistic to the Company's business model.

Due to certain structural changes in the bond market, DMC has increased its return on the total investible funds by placing them in the Fixed Deposits with reputable banks. The Group currently has S$11.6m, of which S$8.0m is placed in Fixed Deposits.

REMUNERATION REPORT

REMUNERATION REPORT

This remuneration report sets out information about the remuneration of Digimatic Group Ltd.'s key management personnel for the financial year ended 31 March 2017. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Remuneration Policy

The remuneration policy of Digimatic Group Ltd. has been designed to align directors' and executives' objectives with shareholders' and business objectives. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company and Consolidated Group, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to directors and executives is valued at the cost to the Consolidated Group and expensed.

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

Clive Tan Che Koon	Non-Executive Chairman
Lim Hui Jie	Executive Director *(Resigned on 6 March 2017)*
Ong Shao Kuang, Ivan	Executive Director
Zane Robert Lewis	Non-Executive Director and Company Secretary *(Australia)*
Denis Koh Choon Tiong	Chief Information Officer
Chung Pit Lee	Chief Financial Officer
Neo Bi Chun	Managing Director of Digimatic Media Pte Ltd
Lua Swee Seng, Danny	Managing Director of Wewe Media Group Pte Ltd
Lua Swee Wei	Managing Director of Wewe Media Group Pte Ltd
Tan Wei Wen	Managing Director of Wewe Media Group Pte Ltd
Tan Guan Cheong	Managing Director of Digimatic Creatives Pte Ltd
Lee Yan Cheng, Jozua	Managing Director of Digimatic Solutions Pte Ltd

Service Agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalized in a service agreement. For Non-Executive Directors, these terms are set out in a Letter of Appointment. The major provisions of the agreements relating to Directors' remuneration are set out below.

NAME	BASE SALARY (1)	FEES	TERM OF AGREEMENT	NOTICE PERIOD
Clive Tan Che Koon	S$nil	S$43,200 p.a.(2)	No fixed term	N/A
Lim Hui Jie (3)	S$180,000 p.a.	S$nil	No fixed term	N/A
Ong Shao Kuang, Ivan	S$240,000 p.a.	S$nil	No fixed term	N/A
Zane Robert Lewis	S$nil	S$42,000 p.a.(2) A$60,000 p.a.(4)	No fixed term	N/A

(1) Excluding employer's Central Provident Fund (CPF) contribution *(2) Non-executive director fee* *(3) Resigned on 6 March 2017* *(4) Company secretary fee*

REMUNERATION REPORT (continued)

Details of Remuneration

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for the financial year ended 31 March 2017 is set out below:

NAME OF DIRECTORS	SALARY* %	BONUS/PROFIT-SHARING %	DIRECTORS' FEE %	TOTAL %
S$250,000 to below S$500,000				
Ong Shao Kuang, Ivan	93	7	-	100
S$100,000 to below S$250,000				
Lim Hui Jie (Resigned on 6 March 2017)	100	-	-	100
Below S$100,000				
Clive Tan Che Koon	-	-	100	100
Zane Robert Lewis	-	-	100	100

NAME OF KEY MANAGEMENT PERSONNEL	DESIGNATION	SALARY* %	BONUS/PROFIT-SHARING %	DIRECTORS' FEE %	TOTAL %
S$250,000 to below S$500,000					
Neo Bi Chun	Managing Director of Digimatic Media Pte Ltd	24	36	40	100
S$100,000 to below S$250,000					
Lua Swee Seng, Danny	Managing Director of Wewe Media Group Pte Ltd	67	33	-	100
Lua Swee Wei	Managing Director of Wewe Media Group Pte Ltd	67	33	-	100
Tan Wei Wen	Managing Director of Wewe Media Group Pte Ltd	67	33	-	100
Denis Koh Choon Tiong	Chief Information Officer	89	11	-	100
Chung Pit Lee	Chief Financial Officer	89	11	-	100
Tan Guan Cheong	Managing Director of Digimatic Creatives Pte Ltd	100	-	-	100
Lee Yan Cheng, Jozua	Managing Director of Digimatic Solutions Pte Ltd	100	-	-	100

** Salary is inclusive of fixed allowances and CPF contribution.*

REMUNERATION REPORT (continued)

Details of Remuneration (continued)
The total remuneration of each Key Management Personnel has not been disclosed in dollar terms given the sensitivity of remuneration matters and to maintain the confidentiality of the remuneration packages of these Key Management Personnel.

The total remuneration of the top five key executives (who are not directors of the Company) is S$1,222,639 for the financial year ended 31 March 2017.

There were no terminations, retirement or post-employment benefits granted to Directors and Key Management Personnel other than the standard contractual notice period termination payment in lieu of service for the financial year ended 31 March 2017.

The Company did not provide any equity compensation to Directors or executives during the financial year ended 31 March 2017.

The Company also reimburses validly incurred business expenses of Directors and Key Management Personnel.

Other Information
There were no loans made to any Key Management Personnel during the financial year or outstanding at financial year ended 31 March 2017.

Apart from disclosed elsewhere in this report, there were no transactions with Key Management Personnel during the financial year. During the financial year, the Remuneration Committee reviewed and approved the Company's remuneration policy.

DIRECTORS MEETINGS

Since the beginning of the financial year, 8 meetings of directors were held. Attendances by each director during the financial year were as follows:

DIRECTORS' MEETINGS		
DIRECTORS	ELIGIBLE TO ATTEND	ATTENDED
Clive Tan Che Koon	8	8
Lim Hui Jie	7	7
Ong Shao Kuang, Ivan	8	8
Zane Robert Lewis	8	8

ENVIRONMENTAL ISSUES

The Company's operations comply with all relevant environmental laws and regulations, and have not been subject to any actions by environmental regulators.

YEAR IN REVIEW FY2017

Digimatic Group Ltd.

Company Registration Number: 201505599H
ABRN 605 944 198

Directors' Statement and Financial Statements
Financial Year Ended 31 March 2017

FINANCIAL CONTENTS

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
GENERAL INFORMATION AS AT 31 MARCH 2017

Directors	Mr Clive Tan Che Koon (Non-Executive Chairman) Mr Ivan Ong Shao Kuang (Executive Director) Mr Zane Robert Lewis (Non-Executive Director and Compliance Manager)
Company Secretary (Singapore)	Ms Amanda Thum Sook Fun
Company Secretary (Australia) **Compliance Manager (Australia)**	SmallCap Corporate Pty Ltd Suite 6, 295 Rokeby Road Subiaco WA 6008
Registered Office (Singapore)	82 Ubi Avenue 4, #06-04 Edward Boustead Centre Singapore 408832
Registered Office (Australia)	SmallCap Corporate Pty Ltd Suite 6, 295 Rokeby Road Subiaco WA 6008
Principal place of business	82 Ubi Avenue 4, #06-04 Edward Boustead Centre Singapore 408832
Share registrar	Link Market Services Limited Level 4, Central Park 152-158 St Georges Terrace Perth WA 6000
Auditor	Kong, Lim & Partners LLP Public Accountants and Chartered Accountants 13A MacKenzie Road Singapore 228676 Partner in charge: Lim Yeong Seng
Stock exchange listing	Digimatic Group Ltd.'s shares are listed on the Australian Securities Exchange (ASX code: DMC)
Website	www.digimaticgroup.com

DIRECTORS' STATEMENT AS AT 31 MARCH 2017

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Digimatic Group Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, 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.

2. Directors

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

Clive Tan Che Koon
Ivan Ong Shao Kuang
Zane Robert Lewis

3. 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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

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

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF DIRECTORS	AT THE BEGINNING OF FINANCIAL YEAR	AT THE END OF FINANCIAL YEAR	AT THE BEGINNING OF FINANCIAL YEAR	AT THE END OF FINANCIAL YEAR
Ordinary shares of the Company				
Ivan Ong Shao Kuang	60,830,000	60,830,000	-	-
Zane Robert Lewis	10,000	10,000	-	-
Lim Hui Jie (resigned on 6 March 2017)	20,000	-	-	-

5. Share options

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

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

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

6. Auditor

Kong, Lim & Partners LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Clive Tan Che Koon
Director

Ivan Ong Shao Kuang
Director

Singapore, 29 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGIMATIC GROUP LTD.

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KONG, LIM & PARTNERS LLP
Chartered Accountants of Singapore

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Digimatic Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity 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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the 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 and changes in equity 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 Group 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of Goodwill

As disclosed in Note 5 to the consolidated financial statements, the carrying amount of goodwill of the Group were S$1,583,558 as at 31 March 2017.

We identified the impairment of goodwill as a key audit matter due to significant judgements and assumptions required by the management in assessing the impairment of goodwill, which are determined with reference to the value in use of the cash-generating units to which goodwill belong to, including growth rates and expected gross margin in order to calculate the present value.

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Key audit matters (continued)

Impairment assessment of Goodwill (continued)

The test performed by the Group did not result in an impairment of goodwill since the recoverable amount based on future cash flows exceeded the carrying amount of goodwill and other net assets.

How the matter was addressed in our audit

Our procedures in relation to the impairment of goodwill includes:

- Understanding the key controls relating to the preparation of the cash flow forecasts and impairment assessment;
- Evaluating the accuracy of the historical cash flow forecasts by comparing that with the actual performance of cash-generating units;
- Analysing the reasonableness of the assumptions made by the management in determining the value in use of the cash-generating units and testing the inputs in the cash flow forecasts including suitable discount rates, growth rates and expected gross margin in respect of each cash-generating units; and
- Assessing whether management's assumptions for any impairment is appropriate.

Based on audit procedure performed above, we have assessed management's assumptions to be appropriate. We have also assessed the disclosure of the assumption to be appropriate.

Revenue recognition

The Group recognised revenue of S$15,246,612 during the financial year, of which 20% were generated from one of its subsidiary arising from the software platform development project. The revenue is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract. Significant judgement is applied in assessing the total costs to be incurred for each of the projects.

The subsidiary has been disposed during the year.

How the matter was addressed in our audit

We tested the controls over the Group's processes for budgeting contract costs and for determining the dollar amount of revenue attributable to the percentage of work done to be recognised in profit or loss. We also assessed the reliability of Management's estimation of contract costs by comparing the final outcome of projects completed during the year to previous estimates made on those projects.

For a selection of projects, we assessed the adequacy of budgeted costs by comparing them with the actual costs incurred to date. We also discussed the progress of the projects with Management and identified potential delays or cost overruns that may require revision in budgeted costs.

We found that the Group's costs and the revenue attributable to the percentage of work done from estimates of its budgeted contract software platform development project recognised in profit or loss to be appropriate.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGIMATIC GROUP LTD. (continued)

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 MEMBERS OF DIGIMATIC GROUP LTD. (continued)

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 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.
- 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.
- 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.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Yeong Seng.

KONG, LIM & PARTNERS LLP
Public Accountants and
Chartered Accountants
Singapore, 29 May 2017

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

		GROUP		COMPANY	
	NOTE	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Assets					
Non-current assets					
Property, plant and equipment	4	451,195	466,426	13,126	11,349
Intangible assets	5	2,223,678	3,619,771	38,007	38,007
Investment in subsidiaries	6	-	-	3,348,937	3,616,819
Other investment	7	100,000	-	-	-
Loan receivable	8	2,600,285	-	2,600,285	-
		5,375,158	4,086,197	6,000,355	3,666,175
Current assets					
Inventories	9	-	4,325	-	-
Trade and other receivables	10	1,015,067	2,237,521	632,665	1,587,612
Prepayment		149,617	80,021	13,636	4,046
Fixed deposits	11	8,000,000	5,000,000	6,500,000	5,000,000
Cash and cash equivalents	12	3,613,270	9,988,118	1,518,180	7,213,976
		12,777,954	17,309,985	8,664,481	13,805,634
Total assets		18,153,112	21,396,182	14,664,836	17,471,809

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (continued)

		GROUP		COMPANY	
	NOTE	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Equity and liabilities					
Non-current liabilities					
Share capital	13	13,804,374	17,332,503	13,804,374	17,332,503
Accumulated profit/ (losses)		1,201,442	90,585	536,476	(762,561)
Foreign currency translation reserve	14	(1,411)	(1,592)	-	-
		15,004,405	17,421,496	14,340,850	16,569,942
Non-controlling interest		352,814	312,449	-	-
Total equity		15,357,219	17,733,945	14,340,850	16,569,942
Current liabilities					
Trade and other payables	15	1,589,611	2,396,414	319,245	901,427
Unearned revenue	16	1,005,595	884,868	-	-
Provision for income tax		43,781	155,548	4,301	-
		2,638,987	3,436,830	323,546	901,427
Non-current liabilities					
Provision for reinstatement cost	17	65,000	50,000	-	-
Deferred tax liabilities	23	91,906	175,407	440	440
		156,906	225,407	440	440
Total liabilities		2,795,893	3,662,237	323,986	901,867
Total equity and liabilities		18,153,112	21,396,182	14,664,836	17,471,809

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		GROUP	
	NOTE	2017 (S$)	2016 (S$)
Revenue	18	15,246,612	9,081,883
Cost of services		(10,476,867)	(5,944,821)
Gross profit		4,769,745	3,137,062
Other income	19	2,264,366	918,646
Other items of expense			
Administrative expenses		(5,888,957)	(2,948,008)
Finance costs	20	(285)	(8,750)
Other expenses		(24,016)	-
Profit before tax	21	1,120,853	1,098,950
Income tax benefit/(expense)	23	25,039	(75,930)
Profit after tax		1,145,892	1,023,020
Other comprehensive income			
Foreign currency translation		611	(1,592)
Other comprehensive income for the year, net of tax		611	(1,592)
Total comprehensive income for the year		1,146,503	1,021,428
Total profit after tax attributable to:			
Owners of the Company		1,110,857	856,495
Non-controlling interests		35,035	166,525
		1,145,892	1,023,020

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (continued)

		GROUP	
	NOTE	2017 (S$)	2016 (S$)
Total comprehensive income attributable to:			
Owners of the Company		1,111,038	854,903
Non-controlling interests		35,465	166,525
		1,146,503	1,021,428
Earnings per share (cents per share)	24		
Basic		0.16	0.20
Diluted		0.16	0.20

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
	NOTE	SHARE CAPITAL S$	ACCUMULATED PROFIT/(LOSSES) S$	FOREIGN CURRENCY TRANSLATION RESERVE S$	TOTAL EQUITY/ (CAPITAL DEFICIENCY) ATTRIBUTABLE ATTRIBUTABLE TO OWNERS OF THE COMPANY S$	NON-CONTROLLING INTEREST S$	TOTAL EQUITY/ (CAPITAL DEFICIENCY) S$
Group							
Balance as at 1 April 2015		**4,250**	**(765,910)**	**-**	**(761,660)**	**-**	**(761,660)**
Profit for the year		-	856,495	-	856,495	166,525	1,023,020
Other comprehensive income							
Foreign currency translation	14	-	-	(1,592)	(1,592)	-	(1,592)
Total comprehensive income for the year		-	856,495	(1,592)	854,903	166,525	1,021,428
Contributions by and distributions to owners							
Issuance of shares	13	18,439,223	-	-	18,439,223	-	18,439,223
Shares issued for acquisition of subsidiary	13	-	-	-	-	145,924	145,924
Share issuance expenses	13	(1,110,970)	-	-	(1,110,970)	-	(1,110,970)
Total contributions by distributions and total transactions with owners in their capacity as owners		17,328,253	-	-	17,328,253	145,924	17,474,177
Balance as at 31 March 2016		**17,332,503**	**90,585**	**(1,592)**	17,421,496	312,449	17,733,945

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (continued)

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY					
	NOTE	SHARE CAPITAL S$	ACCUMULATED PROFIT/(LOSSES) S$	FOREIGN CURRENCY TRANSLATION RESERVE S$	TOTAL EQUITY/ (CAPITAL DEFICIENCY) ATTRIBUTABLE ATTRIBUTABLE TO OWNERS OF THE COMPANY S$	NON-CONTROLLING INTEREST S$	TOTAL EQUITY/ (CAPITAL DEFICIENCY) S$
Group							
Balance as at 1 April 2016		**17,332,503**	**90,585**	**(1,592)**	**17,421,496**	**312,449**	**17,733,945**
Profit for the year		-	1,110,857	-	1,110,857	35,035	1,145,892
Other comprehensive income							
Foreign currency translation	14	-	-	181	181	430	611
Total comprehensive income for the year		-	1,110,857	181	1,111,038	35,465	1,146,503
Changes in ownership interest in subsidiaries							
Acquisition of subsidiary		-	-	-	-	4,900	4,900
Cancellation of shares	13	(3,528,129)	-	-	(3,528,129)	-	(3,528,129)
Total contributions by distributions and total transactions with owners in their capacity as owners		(3,528,129)	-	-	(3,528,129)	4,900	(3,523,229)
Balance as at 31 March 2017		**13,804,374**	**1,201,442**	**(1,411)**	**15,004,405**	**352,814**	**15,357,219**

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (continued)

	NOTE	SHARE CAPITAL S$	ACCUMULATED PROFIT/(LOSSES) S$	TOTAL EQUITY/ (CAPITAL DEFICIENCY) S$
Company				
Balance as at 1 April 2015		**4,250**	**(765,910)**	**(761,660)**
Total comprehensive income for the year		-	3,349	3,349
Contribution by and distribution to owners				
Issuance of shares		18,439,223	-	18,439,223
Share issuance expenses		(1,110,970)	-	(1,110,970)
Total contributions by distributions and total transactions with owners in their capacity as owners		17,328,253	-	17,328,253
Balance as at 31 March 2016		**17,332,503**	**(762,561)**	**16,569,942**
Total comprehensive income for the year		-	1,299,037	1,299,037
Contribution by and distribution to owners				
Cancellation of shares	13	(3,528,129)	-	(3,528,129)
Total contributions by distributions and total transactions with owners in their capacity as owners		(3,528,129)	-	(3,528,129)
Balance as at 31 March 2017		**13,804,374**	**536,476**	**14,340,850**

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	NOTE	2017 S$	2016 S$
Cash flows from operating activities			
Profit before income tax		**1,120,853**	**1,098,950**
Adjustments for:			
Amortisation of intangible assets		51,777	39,065
Depreciation of property, plant & equipment		261,354	85,405
Interest expense		285	8,750
Provision for unutilise leave		27,183	49,387
Currency realignment		(18,277)	(2,290)
Gain from bargain purchase		-	(59,036)
Gain on disposal of subsidiaries		(1,727,785)	-
Interest income		(138,413)	(16,910)
Subsidiaries written off		(400)	-
Waiver of loan from shareholder		-	(520,000)
Operating cash flow before changes in working capital		**(423,423)**	**683,321**
Working capital changes in:			
Inventories		4,325	26,285
Trade and other receivables		(1,171,995)	(692,823)
Prepayment		(75,539)	1,571
Trade and other payables		295,551	(614,286)
Unearned revenue		137,077	329,499
Cash used in operating activities		(1,234,004)	(266,433)
Income tax paid		(65,977)	(12,538)
Net cash used in operating activities		**(1,299,981)**	**(278,971)**

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

DIGIMATIC GROUP LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (continued)

	NOTE	2017 S$	2016 S$
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired		(808,333)	943,648
Disposal of subsidiary		(252,881)	-
Other investment		(100,000)	-
Purchase of property, plant & equipment		(264,982)	(530,688)
Purchase of intangible assets		(807,489)	(280,988)
Fixed deposits		(3,000,000)	(5,000,000)
Interest received		119,098	23
Net cash used in investing activities		**(5,114,587)**	**(4,868,005)**
Cash flows from financing activities			
Proceed from issuance of shares		-	16,389,814
Share issuance costs		-	(1,110,970)
Repayment of borrowings		-	(135,000)
Interest paid		-	(8,750)
Net cash generated from financing activities		**-**	**15,135,094**
Net (decrease)/increase in cash & cash equivalents		**(6,414,568)**	**9,988,118**
Cash and cash equivalents at the beginning of financial year		9,988,118	-
Effects of currency translation on cash and cash equivalents		39,720	-
Cash and cash equivalents at the end of financial year (Note 12)		3,613,270	9,988,118

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

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

1. GENERAL

Digimatic Group Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Australian Securities Exchange (ASX). The registered office and principal place of business of the Company is located at 82 Ubi Avenue 4, #06-04, Edward Boustead Centre, Singapore 408832.

The principal activities of the Company is an investment holding company and development of other software and programming activities.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore Dollars (S$).

2.2 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 Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 01 April 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109 Financial Instruments	1 Jan 2018
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Except for FRS 115 and FRS 116, 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 and FRS 116 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 Group 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.

(a) Variable consideration

Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Group expects that application of the constraint may result in more revenue being deferred than is under current FRS.

(b) Right of return

The Group currently recognises a provision for the net margin arising from expected returns. Under FRS 115, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group expects to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under FRS 115.

(c) Sales commissions

The Group pays sales commissions to sales or marketing agents on the sale of services and currently recognised such sales commissions as expense when incurred. FRS 115 requires an entity to capitalise incremental costs to obtain a contract with a customer if these costs are recoverable and amortised to profit or loss as the entity expects to recognise the related revenue. Upon adoption of FRS 115, the Group expects to capitalise such sales commissions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

FRS 115 Revenue from Contracts with Customers (continued)

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.

- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations.

- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes, depreciation and amortisation (EBITDA) and gearing ratio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations

Basis of consolidation

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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations (continued)

Business combinations and goodwill (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's 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 Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transaction and balances

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency (continued)

a) Transaction and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

	Years
Computers	3
Furniture and fittings	3-5
Office equipment	3
Production equipment	3
Renovation	3

The carrying values of property, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

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

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

a) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

b) Trademark

The useful lives of the trademark are estimated to be indefinite, management believes there is no foreseeable limit to the period over which the trademark are expected to generate net cash inflows for the Group.

c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

c) Computer software (continued)

- it is technically feasible to complete the computer software so that it will be available for use
- management intends to complete the computer software and use or sell it
- there is an ability to use or sell the computer software
- it can be demonstrated how the computer software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the computer software are available, and
- the expenditure attributable to the computer software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using straight-line method to allocate the cost of the computer software over their estimated useful life of 3 to 5 years.

d) **Development costs**

Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

Software application under development is not amortised. Amortisation will be provided when the software application is put into use.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group 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 of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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 and loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, fixed deposits and cash and cash equivalents.

Cash and cash equivalents 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 directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial instruments (continued)

(b) Financial liabilities (continued)

Subsequent measurement
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.

2.12 Impairment of financial assets

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

a) Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group 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 Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed 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 Group 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)

2.12 Impairment of financial assets (continued)

a) Financial assets carried at amortised cost (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.

b) Financial assets carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.13 Cash and cash equivalents

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

2.14 Provisions

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

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

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Rendering of services
Revenue from rendering of services is recognised when the final products have been delivered.

b) Programme fees
Programme fees are recognised over the period of programme. Amount of fees relating to future periods are included in unearned revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue recognition (continued)

c) Sale of goods

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the buyer usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

d) Commission income

Commission income is recognised when the corresponding service is provided.

2.16 Government grants

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting that related expenses.

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make 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. Liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Operating lease

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 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 end of the reporting period 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.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction that affects neither accounting nor taxable profit or loss.

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 rate 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Taxes (continued)

(c) Sales tax

Revenue, 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.

2.20 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. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Judgments made in applying accounting policies

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

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

3.2 Key sources of estimation of uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Group's and the Company's property, plant and equipment as at 31 March 2017 was S$451,195 and S$13,126 (2016: S$466,426 and S$11,349) respectively.

(b) Development cost

Development costs are capitalised in accordance with the accounting policy in Note 2.8. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at 31 March 2017, the carrying amount of development costs capitalised at the end of the reporting period was S$168,016 (2016: S$139,531).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation of uncertainty (continued)

(c) Impairment of intangible assets

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

The carrying amount of the intangible assets as at 31 March 2017 for the Group and the Company is S$2,223,678 and S$38,007 (2016: S$3,619,771 and S$38,007) respectively.

(d) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan receivable and trade and other receivables at the end of the reporting period is disclosed in Note 8 and 10 respectively, to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Computers S$	Furniture and fittings S$	Office equipment S$	Production equipment S$	Renovation S$	Total S$
Group						
Cost						
At 3 March 2015 (date of incorporation and at 31 March 2015	-	-	-	-	-	-
Additions	39,361	30,015	8,559	-	402,754	480,689
Acquisition of subsidiaries	33,118	9,088	7,722	11,487	9,755	71,170
Exchange differences	(111)	(5)	-	-	-	(116)
At 31 March 2016	72,368	39,098	16,281	11,487	412,509	551,743
Additions	34,624	12,228	1,698	56,658	174,774	279,982
Arising from disposal of subsidiaries	(51,198)	(27,852)	(8,026)	-	-	(87,076)
Exchange differences	330	11	-	-	-	341
At 31 March 2017	56,124	23,485	9,953	68,145	587,283	744,990
Accumulated depreciation						
At 3 March 2015 (date of incorporation) and at 31 March 2015	-	-	-	-	-	-
Depreciation for the year	18,436	7,688	2,723	413	56,145	85,405
Exchange differences	(86)	(2)	-	-	-	(88)
At 31 March 2016	18,350	7,686	2,723	413	56,145	85,317
Depreciation for the year	38,418	18,159	7,694	13,085	183,998	261,354
Arising from disposal of subsidiaries	(33,917)	(14,245)	(4,886)	-	-	(53,048)
Exchange differences	168	4	-	-	-	172
At 31 March 2017	23,019	11,604	5,531	13,498	240,143	293,795
Net carrying amount						
At 31 March 2016	54,018	31,412	13,558	11,074	356,364	466,426
At 31 March 2017	33,105	11,881	4,422	54,647	347,140	451,195

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	COMPUTERS S$	FURNITURE AND FITTINGS S$	OFFICE EQUIPMENT S$	TOTAL S$
Company				
Cost				
At 1 April 2015	-	-	-	-
Additions	10,304	-	2,400	12,704
At 31 March 2016	10,304	-	2,400	12,704
Additions	4,300	2,497	-	6,797
At 31 March 2017	14,604	2,497	2,400	19,501
Accumulated depreciation				
At 1 April 2015	-	-	-	-
Depreciation	1,288	-	67	1,355
At 31 March 2016	1,288	-	67	1,355
Depreciation	4,151	69	800	5,020
At 31 March 2017	5,439	69	867	6,375
Net carrying amount				
At 31 March 2016	9,016	-	2,333	11,349
At 31 March 2017	9,165	2,428	1,533	13,126

5. INTANGIBLE ASSETS

	GOODWILL S$	BRANDS S$	TRADEMARK S$	COMPUTER SOFTWARE S$	DEVELOPMENT COST - WORK IN PROGRESS (S$)	TOTAL S$
Group						
Cost						
At 3 March 2015 (date of incorporation and at 31 March 2015	-	-	-	-	-	-
Additions	-	-	38,007	103,450	139,531	280,988
Acquisition of subsidiaries	2,320,895	1,024,435	-	32,518	-	3,377,848
At 31 March 2016	2,320,895	1,024,435	38,007	135,968	139,531	3,658,836
Additions	-	-	-	20,388	787,101	807,489
Acquisition of subsidiaries	40,081	-	-	-	-	40,081
Arising from disposal of subsidiary	(777,418)	(616,621)	-	(116,954)	(758,710)	(2,269,703)
Exchange differences	-	-	-	-	94	94
At 31 March 2017	1,583,558	407,814	38,007	39,402	168,016	2,236,797
Accumulated amortisation						
At 3 March 2015 (date of incorporation						
and at 31 March 2015	-	-	-	-	-	-
Amortisation	-	-	-	39,065	-	39,065
At 31 March 2016	-	-	-	39,065	-	39,065
Amortisation	-	-	-	51,777	-	51,777
Arising from disposal of subsidiary	-	-	-	(77,758)	-	(77,758)
Exchange differences	-	-	-	35	-	35
At 31 March 2017	-	-	-	13,119	-	13,119
Net carrying amount						
At 31 March 2016	2,320,895	1,024,435	38,007	96,903	139,531	3,619,771
At 31 March 2017	1,583,558	407,814	38,007	26,283	168,016	2,223,678

5. INTANGIBLE ASSETS (continued)

	TRADEMARK S$	TOTAL S$
Company		
Cost		
At 3 March 2015 (date of incorporation) and at 31 March 2015	-	-
Additions	38,007	38,007
At 31 March 2016	38,007	38,007
Additions	-	-
At 31 March 2017	38,007	38,007
Accumulated amortisation		
At 3 March 2015 (date of incorporation) and at 31 March 2015	-	-
Amortisation	-	-
At 31 March 2016	-	-
Amortisation	-	-
At 31 March 2017	-	-
Net carrying amount		
At 31 March 2016	38,007	38,007
At 31 March 2017	38,007	38,007

Brand
Brands relate to "Wewe Media" and "ShangCommerce" brand names for the Group's Media and Solutions businesses. Brand "ShangCommerce" has been disposed off during the year.

Trademarks
Trademarks relate to the brands that the Group has registered in Singapore.

Computer software
Computer software relate to software application.

5. INTANGIBLE ASSETS (continued)

Development costs

Development costs relates to the development of software application which has yet to be completed. As mention in Note 2.8, Development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Impairment testing of goodwill and brands

Goodwill and brands acquired through business combinations have been allocated to two cash generating units (CGU), which are also the reportable operating segments, for impairment testing as follows:

- Creatives
- Media

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	CREATIVES SEGMENT S$	MEDIA SEGMENT S$	SOLUTIONS SEGMENT S$	TOTAL S$
31 March 2017				
Goodwill	1,410,429	173,129	-	1,583,558
Brands	-	407,814	-	407,814
31 March 2016				
Goodwill	1,415,529	127,948	777,418	2,320,895
Brands	-	407,814	616,621	1,024,435

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the four- year period are as follows:

	CREATIVES SEGMENT		MEDIA SEGMENT		SOLUTIONS SEGMENT	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Growth rates	5%	-	50%	3-13%	-	13%
Pre-tax discount rates	15%	-	14-17%	14-17%	-	15%

5. INTANGIBLE ASSETS (continued)

Key assumptions used in the value in use calculation
The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved in the four years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. An increase of 13% - 50% (2016: 3% - 13%) per annum has been applied.

Growth rates – The forecasted growth rates for the Creatives segment and Media segment are 5% and 50% (2016: 13% and 3% - 13%) respectively based on the fact that there will be changes in the business focus and their operations model. For instance, Digimatic Creatives Pte. Ltd. is extending its market to Malaysia as the company has incorporate new subsidiary to penetrate the Malaysia market and for Wewe Media Group Pte. Ltd. is moving from a traditional performance based marketer to an affiliate platform operator.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flows estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

Market share assumptions – These assumptions are important because, as well as using management's estimate for growth rates (as noted above), management assesses how the CGUs' position, relative to its competitors, might change over the budget period. Management expects the Group's share of the creatives and media to be stable over the budget period.

Sensitivity to changes in assumptions
Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 (S$)	2016 (S$)
Shares, at cost	3,348,937	3,616,819

a) Composition of the Group
The Group has the following investment in subsidiaries.

NAME	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITES	PROPORTION (%) OF OWNERSHIP INTEREST	
			31.3.2017	31.3.2016
Held by the Company				
Digimatic Ventures Ltd [1]	Mauritius	Investment activities	-	100
Digimatic Australia Pty Ltd [2]	Australia	Business and management consultancy, E-commerce	-	-
Digimatic Creatives Pte. Ltd. (f.k.a AP Media Private Limited) [3]	Singapore	Motion picture/video production	51	51
Digimatic Media Private Limited [3]	Singapore	Conducting business courses/ advertising activities	100	100
Digimatic Solutions Pte. Ltd. [2][3]	Singapore	Business and management consultancy, E-commerce	-	100
Wewe Media Group Pte.Ltd. [3]	Singapore	Advertising activities	100	100

6. INVESTMENT IN SUBSIDIARIES (continued)

a) Composition of the Group (continued)

The Group has the following investment in subsidiaries.

NAME	PRINCIPAL PLACE OF BUxSINESS	PRINCIPAL ACTIVITES	PROPORTION (%) OF OWNERSHIP INTEREST	
			31.3.2017	31.3.2016
Held through Digimatic Media Private Limited				
Digimatic Media Sdn Bhd [4][5]	Malaysia	Conducting business courses	100	-
Held through Digimatic Creatives Pte. Ltd.				
Anonymous Production Sdn Bhd [4][6]	Malaysia	Motion picture/video production	100	-
Held through Digimatic Solutions Pte Ltd.				
Pocca Pte. Ltd. [7]	Singapore	Web portals	-	-

[1] Incorporated on 22 March 2016 and strike off on 15 March 2017
[2] Incorporated on 1 July 2016 and disposed on 30 March 2017
[3] Audited by Kong, Lim & Partners LLP, Public Accountants and Chartered Accountants, Singapore
[4] Audited by a Chartered Accountants firm other than Kong, Lim & Partners LLP
[5] Acquired on 1 June 2016
[6] Incorporated on 29 September 2016
[7] Incorporated on 25 January 2017 and disposed on 30 March 2017

6. INVESTMENT IN SUBSIDIARIES (continued)

b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that are material to the Group.

NAME	PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTEREST	PROFIT ALLOCATED TO NCI DURING THE REPORTING PERIOD (S$)	ACCUMULATED NCI AT THE END OF REPORTING PERIOD (S$)
31.03.2017				
Digimatic Creatives Pte. Ltd. (f.k.a AP Media Private Limited)	Singapore	49%	35,465	352,814
31.03.2016				
Digimatic Creatives Pte. Ltd. (f.k.a AP Media Private Limited)	Singapore	49%	166,525	312,449

c) Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non controlling interests are as follows:

Summarised statement of financial position

	DIGIMATIC CREATIVES PTE. LTD. AND ITS SUBSIDIARY (F.K.A AP MEDIA PRIVATE LIMITED)	
	2017 (S$)	2016 (S$)
Current		
Assets	827,185	759,405
Liabilities	(180,741)	(177,855)
Net current assets	646,444	581,550

6. INVESTMENT IN SUBSIDIARIES (continued)

c) Summarised financial information about subsidiary with material NCI (continued)

Summarised statement of financial position (continued)

	DIGIMATIC CREATIVES PTE. LTD. AND ITS SUBSIDIARY (F.K.A AP MEDIA PRIVATE LIMITED)	
	2017 (S$)	2016 (S$)
Non-current		
Assets	86,194	56,102
Liabilities	(12,613)	-
Net current assets	73,581	56,102
Net assets	**720,025**	**637,652**

Summarised statement of comprehensive income

	DIGIMATIC CREATIVES PTE. LTD. AND ITS SUBSIDIARY (F.K.A AP MEDIA PRIVATE LIMITED)	
	2017 (S$)	2016 (S$)
Revenue	871,321	676,646
Loss before tax	(7,090)	(18,132)
Income tax expenses	78,587	-
Total comprehensive income/(loss) for the year/period	**71,497**	**(18,132)**

6. INVESTMENT IN SUBSIDIARIES (continued)

c) Summarised financial information about subsidiary with material NCI (continued)

Other summarised information

	Digimatic Creatives Pte. Ltd. and its subsidiary (f.k.a AP Media Private Limited)	
	2017 (S$)	2016 (S$)
Net cash flows from operating activities	508,041	(45,721)
Net cash flows from financing activities	10,000	-
Net cash flows from investing activities	(64,963)	(16,557)

d) Acquisition of subsidiary

On 1 June 2016 (the "acquisition date"), the Group's subsidiary company, Digimatic Media Private Limited acquired 100% equity interest in Digimatic Media Sdn Bhd, a private limited company incorporated in Malaysia. The principal activities of Digimatic Media Sdn Bhd are to conduct business courses.

The acquisition of Digimatic Media Sdn Bhd is to provide service to clients in Malaysia and run wealth creation seminars and personal development programs under the Ace Profits Academy branding.

The fair value of the identifiable assets and liabilities of Digimatic Media Sdn Bhd as at the acquisition date were:

	DIGIMATIC MEDIA SDN BHD
	S$
Prepayments	27
Cash and cash equivalent	1
	28

6. INVESTMENT IN SUBSIDIARIES (continued)

d) Acquisition of subsidiary (continued)

The fair value of the identifiable assets and liabilities of Digimatic Media Sdn Bhd as at the acquisition date were (continued):

	DIGIMATIC MEDIA SDN BHD S$
Trade and other payables	4,286
	4,286
Total identifiable net liabilities at fair value	(4,258)
Goodwill arising from acquisition	4,258
	-
Consideration transferred for the acquisition of the subsidiary	
Cash paid	1
Total consideration transferred	1
Effect of the acquisition of subsidiary on cash flows	
Total consideration	1
Consideration settled in cash	1
Less: Cash and cash equivalents of subsidiary acquired	(1)
Net cash inflow	-

e) Disposal of subsidiary

On 30 March 2017, the Company disposed off Digimatic Solutions Pte. Ltd., at its carrying value. The disposal consideration was fully settled through buying back of 30,000,000 ordinary shares with a fair value at S$3,528,129 (Note 13).

6. INVESTMENT IN SUBSIDIARIES (continued)

e) Disposal of subsidiary (continued)

The value of assets and liabilities of Digimatic Solutions Pte. Ltd. and Digimatic Australia Pty Ltd Limited recorded in the consolidated financial statements as at 30 March 2017, and the cash flow effect of the disposal were:

	GROUP 2017 (S$)
Assets	
Plant and equipment	831,936
Trade and other receivables	2,291,653
Prepayment	5,971
Cash and cash equivalents	252,881
	3,382,441
Liabilities	
Trade and other payables	3,080,455
Unearned revenue	16,349
	3,096,804
Net assets	**285,637**
Cash and cash equivalents of the subsidaries	(252,881)
Net cashflow outflow on disposal of subsidiaries	(252,881)

7. OTHER INVESTMENT

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Unquoted shares	100,000	-	-	-

8. LOAN RECEIVABLE

Loan receivable from a related party is unsecured, interest bearing at 2% p.a. for the first 2 years, and 5% p.a. for the subsequent years and are to be fully repaid by 31 March 2022.

The loan can be repaid by any of the following means:
a) By payment in cash at any time; and
b) By issuance of shares by the borrower.

Loan receivable is denominated in Singapore Dollars.

9. INVENTORIES

The inventories comprise of portable LED photo booth.

10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Trade receivables				
- related companies	6,419	150,050	-	-
- third parties	461,444	1,583,540	-	-
Other receivables	37,175	318,843	21,884	22,505
Amount due from subsidiaries	-	-	610,376	1,564,702
Deposits	111,096	142,189	405	405
Unbilled revenue	398,933	42,899	-	-
	1,015,067	2,237,521	632,665	1,587,612

Trade receivables are unsecured, non-interest bearing and are generally on 0 to 180 days terms (2016: 0 to 180 days).

Related party balances
Amount due from directors are non-trade, unsecured, interest-free and with no fixed terms of repayment.

Amount due from subsidiaries are non-trade, unsecured, interest-free and with no fixed terms of repayment except for an amount due from a subsidiary amounting to S$550,000 (2016:S$900,000) is interest bearing at 5% (2016: 5%) and to be repaid within one year.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Trade and other receivables are denominated in the following currencies:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Australian Dollar	405	405	405	405
Malaysian Ringgit	34,923	21,851	-	-
Singapore Dollar	543,528	2,054,243	632,260	1,587,207
United States Dollar	436,211	161,022	-	-
	1,015,067	2,237,521	632,665	1,587,612

10. TRADE AND OTHER RECEIVABLES (continued)

Receivables that were past due but not impaired

The Group has trade receivables that are past due as at the end of the reporting period but not impaired. These trade receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Less than 30 days	319,353	280,478	-	-
31 to 60 days	19,528	203,970	-	-
61 to 90 days	32,300	42,730	-	-
More than 90 days	62,895	75,480	-	-
	434,076	602,658	-	-

Receivables that were impaired

There were no receivables that were impaired.

11. FIXED DEPOSITS

Fixed deposits had maturity of more than three months and had a weighted average effective interest rate of 1.05% per annum (2016: 1.34% per annum).

Fixed deposits are denominated in Singapore Dollar.

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Cash on hand	640	1,912	620	326
Cash at banks	2,612,630	3,986,206	517,560	1,213,650
Fixed deposits	1,000,000	6,000,000	1,000,000	6,000,000
	3,613,270	9,988,118	1,518,180	7,213,976

12. CASH AND CASH EQUIVALENTS (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposit had maturity of three months and had a weighted average effective interest rates of 0.60% (2016: 0.87%) per annum of the Group and 0.60% (2016: 0.87%) per annum of the Company.

Cash and cash equivalents amounting to S$34,827 (2016: S$405,130) are held in trust by the directors' under Wewe Media Group Pte. Ltd.

Cash and cash equivalents are denominated in the following currencies:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Australian Dollar	285,931	587,766	285,931	587,766
Malaysian Ringgit	230,414	-	-	-
Singapore Dollar	2,893,755	8,817,134	1,216,709	6,624,785
United States Dollar	203,170	583,218	15,540	1,425
	3,613,270	9,988,118	1,518,180	7,213,976

13. SHARE CAPITAL

	GROUP		COMPANY	
	NUMBER OF SHARES	AMOUNT (S$)	NUMBER OF SHARES	AMOUNT (S$)
Issued and fully paid ordinary shares				
At beginning of financial year	683,664,000	17,332,503	4,250	4,250
Issuance of shares	-	-	160,905,750	16,389,814
Issued for acquisition of subsidiary	-	-	522,754,000	2,049,409
Shares issuance expenses	-	-	-	(1,110,970)
Cancellation of shares	(30,000,000)	(3,528,129)	-	-
At end of financial year	653,664,000	13,804,374	683,664,000	17,332,503

13. SHARE CAPITAL (continued)

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.

On 30 March 2017, the Company acquired 30,000,000 (2016: Nil) shares through disposal of subsidiary. The total fair value of the acquired shares was S$3,528,129 (2016: Nil) and this was presented as cancellation of shares within the shareholder's equity.

14. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Trade receivables				
- related companies	2,305	7,062	-	-
- third parties	253,880	248,634	3,059	-
Other payables	78,245	189,329	77,594	61,111
Accruals	1,007,301	1,207,456	194,532	838,540
Amount due to directors	162,794	426,650	-	-
Amount due to subsidiaries	-	-	44,060	1,776
GST payable	85,086	123,620	-	-
Deposit from customer	-	193,663	-	-
	1,589,611	2,396,414	319,245	901,427

Trade payables are non-interest bearing and are generally payable based on agreed terms between the parties.
Amount due to directors are non-trade, unsecured, interest-free and with no fixed terms of repayment.

15. TRADE AND OTHER PAYABLES (continued)

Trade and other payables are denominated in the following currencies:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Australian Dollar	77,594	20,208	77,594	19,609
Malaysian Ringgit	25,513	-	-	-
Singapore Dollar	894,417	1,710,111	241,494	881,818
United States Dollar	592,087	666,095	157	-
	1,589,611	2,396,414	319,245	901,427

16. UNEARNED REVENUE

This represents revenue received from customers but not yet recognised to the profit or loss due to service not yet rendered as at reporting date.

17. PROVISIONS FOR REINSTATEMENT COST

Provisions pertain to the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.
Provisions are denominated in Singapore Dollars.

18. REVENUE

	GROUP	
	2017 (S$)	2016 (S$)
Rendering of services	3,864,379	1,404,942
Sale of goods	357,441	484,970
Commission income	4,551,233	2,416,129
Programme fees	6,473,559	4,775,842
	15,246,612	9,081,883

19. OTHER INCOME

	GROUP	
	2017 (S$)	2016 (S$)
Foreign exchange differences (net)	(5,038)	30,817
Gain from bargain purchase	-	59,036
Gain on disposal of subsidiary	1,727,785	-
Interest income	138,413	16,910
PIC and other government grants	246,159	137,599
Rental income	28,964	-
Waiver of loan from shareholder	-	520,000
Other income	128,083	154,284
	2,264,366	918,646

20. FINANCE COSTS

	GROUP	
	2017 (S$)	2016 (S$)
Interest on loan	285	8,750

21. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	GROUP	
	2017 (S$)	2016 (S$)
Advertising fee	3,571,985	1,412,692
Audit fee:		
- Auditors of the Company	64,630	10,826

21. PROFIT BEFORE TAX (continued)

The following items have been included in arriving at profit before tax (continued):

	GROUP	
	2017 (S$)	2016 (S$)
Non-audit fee:		
- Other auditors	7,000	7,000
Credit card/NETS charges	255,231	180,306
Online marketing expenses	1,734,971	1,143,846
Other COS	802,464	740,360
Professional fees	316,776	68,674
Rental	464,157	259,828
Speakers fees	2,327,577	1,229,621
Employee benefits expense (Note 22)	4,481,603	2,887,266

22. EMPLOYEE BENEFITS EXPENSE

	GROUP	
	2017 (S$)	2016 (S$)
Employee benefits expenses (including directors)		
Salaries, fees and bonus	3,174,557	1,731,159
CPF Contributions	343,482	204,020
Commisions and other benefits	963,564	952,087
	4,481,603	2,887,266

23. INCOME TAX EXPENSE

The major components of income tax expense recognised in profit or loss for the years ended 31 March 2017 and 2016 were:

	GROUP	
	2017 (S$)	2016 (S$)
Current income tax:		
Current year	43,782	76,277
Over provision in prior years	(73,283)	-
	(29,501)	76,277
Deferred tax:		
Current year	21,083	(347)
Over provision in prior years	(16,621)	-
	4,462	(347)
Income tax (benefit)/expense recognise in profit or loss	(25,039)	75,930

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 were as follows:

	GROUP	
	2017 (S$)	2016 (S$)
Profit before tax	1,120,852	1,098,949
Income tax rate using the statutory tax rate of 17% (2016: 17%)	190,545	186,821

23. INCOME TAX EXPENSE (continued)

Relationship between tax expense and accounting profit (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 were as follows (continued):

	GROUP	
	2017 (S$)	2016 (S$)
Tax effects of:		
Non-deductible expenses	137,830	13,885
Income not subject to taxation	(289,173)	(35,452)
Tax exemptions	(86,875)	(52,533)
Deferred tax	24,320	(30,169)
Others due to acquisition of subsidiaries	88,218	(6,622)
Over provision in prior years	(89,904)	-
Income tax (benefit)/expense recognised in profit or loss	(25,039)	75,930

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

At the end of the reporting period, the Group has unutilised capital allowances and unused losses of approximately S$21,198 and S$120,098 (2016: S$118,344 and Nil) respectively are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. There was no expiry date on the unutilised capital allowances.

The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 50% Corporate Income Tax ("CIT") Rebate that is subject to a cap of S$20,000 and S$25,000 respectively.

	GROUP	
	2017 (S$)	2016 (S$)
Gain from bargain purchase	-	10,036
Gain on disposal of subsidiaries	282,765	-
Productivity and innovation credit scheme	6,408	13,321
SME grant	-	12,095
	289,173	35,452

23. INCOME TAX EXPENSE (continued)

Deferred tax as at 31 March relates to the following:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Difference in depreciation of property, plant and equipment for tax purposes	22,578	1,167	440	440
Fair value adjustments on acquisition of subsidiaries	69,328	174,240	-	-
	91,906	175,407	440	440

24. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing profit net of tax by the weighted average number of ordinary shares during the financial year.
The following table reflect the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 March 2017 and 2016:

	GROUP	
	2017 (S$)	2016 (S$)
Profit net of tax used in the computation of earnings per share	1,110,857	856,495
	NO. OF SHARES	NO. OF SHARES
Weighted average number of ordinary shares	683,581,808	418,170,860

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	GROUP	
	2017 (S$)	2016 (S$)
Rendering of services	317,206	330,829
Gain on disposal of subsidiary	1,727,785	-
Waiver of loan	-	520,000
Purchases	21,672	101,736
Interest expense	-	8,750

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

	GROUP	
	2017 (S$)	2016 (S$)
Salaries, fees and bonus	1,637,266	777,987
CPF Contributions	130,537	73,664
Commisions and other benefits	300,045	479,062
	2,067,848	1,330,713
Comprise of amount paid to:		
Directors of the Company	557,302	509,944
Directors of the subsidiaries and key management personnel	1,510,546	820,769
	2,067,848	1,330,713

26. OPERATING LEASE COMMITMENTS

Where the Company is a lessee

The Group have entered into commercial leases on rental of offices. The lease has average life of 3 years with renewal option included in the contracts. There are no restrictions places upon the Group by entering into these leases.
Future minimum rental payable under non-cancellable operating leases as at the end of reporting period are as follows:

	GROUP	
	2017 (S$)	2016 (S$)
Not later than one year	396,644	243,768
Later than one year but not later than 5 years	154,371	236,385
More than 5 years	-	124,971
	551,015	605,124

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2017 amounted to S$409,092 (2016: S$111,876).

27. CONTINGENT ASSETS

As part of the purchase agreement with the previous owners of subsidiaries, a contingent consideration has been agreed as follows:

Wewe Media Group Pte. Ltd.

The previous owners of Wewe Media Group Pte. Ltd. have warranted and undertaken to achieve a combined net profit after tax of at least S$840,000 for the period commencing 1 April 2015 to 31 March 2017. In the event the profit guarantee is not met, the previous owners pay the deficit to the Company within 30 days from the first written demand, subject to certain condition.

Based on the result for the period from 1 April 2015 to 31 March 2017, Wewe Media Group Pte. Ltd. did not achieve a combined net profit after tax of S$840,000 due to change in business strategy from a traditional performance based marketer to an affiliate platform operator as requested by the Company. Hence, the Company has decided to waive the profit guarantee claim from the previous owners of Wewe Media Group Pte. Ltd..

Digimatic Creatives Pte. Ltd.

The previous owner of Digimatic Creatives Pte. Ltd. guarantees the Company that the aggregate EBITDA for the financial year ending 31 March 2017 and 31 March 2018 shall not be less than S$1,228,000. In the event there is any deficit, the previous owner of Digimatic Creatives Pte. Ltd. undertakes to make full payment of the deficit to the Company within 14 days from the Company's first written demand.

28. FAIR VALUES OF ASSETS AND LIABILITIES

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS (LEVEL 1) (S$)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) (S$)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (S$)
2017			
Financial assets			
Other investments (unquoted)	-	-	100,000

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Fair value hierarchy

The Group 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 markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

28. FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value of financial instruments by classes that are not carried out at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, other receivables, other payables, and amount due from shareholder

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Fixed deposits and loan receivable

The carrying amounts of fixed deposits and loan receivable approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

29. FINANCIAL RISK MANAGEMENT

The Group and 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 interest rate risk and foreign currency 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 Group and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group and 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 Group and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk arising from the inability of the counterparty to meet the terms of the Group's financial contracts is generally limited to the amounts, if any, by which the counterparty's obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur any material losses on its risk management or other financial instruments.

The carrying amount of trade and other receivables, loan receivable, fixed deposits and cash and cash equivalent represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Surplus are placed with reputable banks.

29. FINANCIAL RISK MANAGEMENT (continued)

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 Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	GROUP			
	2017 (S$)	% OF TOTAL	2016 (S$)	% OF TOTAL
By industry sectors:				
Creatives	215,572	46	-	-
Media	252,291	54	1,132,000	65
Solutions	-	-	601,590	35
	467,863	100	1,733,590	100

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 Group and 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

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

Liquidity risk

Liquidity risk refers to the risk that the Group and Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group and 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 Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Group and the Company.

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and 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$)	TWO TO FIVE YEARS (S$)	MORE THAN FIVE YEARS (S$)
Group					
2017					
Financial assets:					
Loan receivable	2,600,285	3,250,285	-	-	3,250,285
Trade and other receivables	1,015,067	1,015,067	1,015,067	-	-
Fixed deposits	8,000,000	8,079,173	8,079,173	-	-
Cash and cash equivalents	3,613,270	3,614,766	3,614,766	-	-
Total undiscounted financial assets	15,228,622	15,959,291	12,709,006	-	3,250,285
Financial liabilities:					
Trade and other payables	1,589,611	1,589,611	1,589,611	-	-
Total undiscounted financial liabilities	1,589,611	1,589,611	1,589,611	-	-
Net undiscounted financial assets	13,639,011	14,369,680	11,119,395	-	3,250,285
2016					
Financial assets:					
Trade and other receivables	2,237,521	2,237,521	2,237,521	-	-
Fixed deposits	5,000,000	5,056,091	5,056,091	-	-
Cash and cash equivalents	9,988,118	10,001,468	10,001,468	-	-
Total undiscounted financial assets	17,225,639	17,295,080	17,295,080	-	-
Financial liabilities:					
Trade and other payables	2,396,414	2,396,414	2,396,414	-	-
Total undiscounted financial liabilities	2,396,414	2,396,414	2,396,414	-	-
Net undiscounted financial assets	14,829,225	14,898,666	14,898,666	-	-

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	CARRYING AMOUNT (S$)	CONTRACTUAL CASH FLOWS (S$)	ONE YEAR OR LESS (S$)	TWO TO FIVE YEARS (S$)	MORE THAN FIVE YEARS (S$)
Company					
2017					
Financial assets:					
Loan receivable	2,600,285	3,250,285	-	-	3,250,285
Trade and other receivables	632,665	632,665	632,665	-	-
Fixed deposits	6,500,000	6,564,295	6,564,295	-	-
Cash and cash equivalents	1,518,180	1,519,676	1,519,676	-	-
Total undiscounted financial assets	11,251,130	11,966,921	8,716,636	-	3,250,285
Financial liabilities:					
Trade and other payables	319,245	319,245	319,245	-	-
Total undiscounted financial liabilities	319,245	319,245	319,245	-	-
Net undiscounted financial assets	10,931,885	11,647,676	8,397,391	-	3,250,285
2016					
Financial assets:					
Trade and other receivables	1,587,613	1,632,612	1,632,612	-	-
Fixed deposits	5,000,000	5,056,091	5,056,091	-	-
Cash and cash equivalents	7,213,976	7,227,326	7,227,326	-	-
Total undiscounted financial assets	13,801,589	13,916,029	13,916,029	-	-
Financial liabilities:					
Trade and other payables	901,427	901,427	901,427	-	-
Total undiscounted financial liabilities	901,427	901,427	901,427	-	-
Net undiscounted financial assets	12,900,162	13,014,602	13,014,602	-	-

29. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group and 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.

Foreign currency risk

The Group and the Company has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollars (SGD) and United States Dollars (USD). Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level. There is no sensitivity analysis prepared as the risk is not material.

30. 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:

	GROUP		COMPANY	
	2017 (S$)	2016 (S$)	2017 (S$)	2016 (S$)
Loans and receivables				
Loans receivables (Note 8)	2,600,285	-	2,600,285	-
Trade and other receivables (Note 10)	1,015,067	2,237,521	632,666	1,587,613
Fixed deposits (Note 11)	8,000,000	5,000,000	6,500,000	5,000,000
Cash and cash equivalents (Note 12)	3,613,270	9,988,118	1,518,180	7,213,976
	15,228,622	17,225,639	11,251,131	13,801,589
Financial liabilities at amortised cost				
Trade and other payables (Note 15)	1,589,611	2,396,414	319,245	901,427
	1,589,611	2,396,414	319,245	901,427

31. CAPITAL MANAGEMENT

The primary objective of the Group and 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 Group and the Company comprises issued share capital and retained earnings.

The Group and 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 Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and 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.

The Group and the Company's overall strategy remains unchanged from 2016.

32. COMPARATIVE INFORMATION

Change in classification

During 2016, the Company modified the classification of expenses to reflect more appropriately for current year presentation.

	BEFORE RECLASSIFICATION 2016 (S$)	RECLASSIFICATION MADE (S$)	AFTER RECLASSIFICATION 2016 (S$)
Trade and other receivables	2,642,651	(405,130)	2,237,521
Cash and cash equivalents	9,582,988	405,130	9,988,118
Provision for reinstatement costs - current	50,000	(50,000)	-
Provision for reinstatement costs - non-current	-	50,000	50,000
Cost of sales	5,143,406	801,415	5,944,821
Administrative expenses	3,749,423	(801,415)	2,948,008

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

i. The creatives segment is the branding and marketing arm of Digimatic Group Ltd. and specialises in content creation as well as full end-to-end branding and marketing solutions for clients.

ii The media segment is specialists and training academy that assists brands and individuals with the opportunity to achieve business and financial success. Media segment specialises in online performance based marketing, and provides online marketing campaign planning and execution services. Media segment also manages a training academy that provides businesses and individuals with the opportunity to achive financial stability and success via performance based marketing.

iii. The solutions segment is the platform and technology provider for brands to market and manage their products and services to a global audience. Solutions segment offer brands a comprehensive range of online and offline platforms and solutions to reach out to their target audiences with products or services tailored to their customers' needs. For example the Solutions segment assist traditional brick and mortar businesses to sell their products on major online market places in the world.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

33. SEGMENT INFORMATION (continued)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	CREATIVES (S$)	MEDIA (S$)	SOLUTIONS* (S$)	OTHERS (S$)	ADJUSTMENTS AND ELIMINATION (S$)	NOTE	PER CONSOLIDATED FINANCIAL STATEMENT (S$)
31 March 2017							
Revenue							
External customers	860,320	11,351,738	3,034,554	-	-		15,246,612
Inter-segment	11,000	646,286	26,600	625,000	(1,308,886)	A	-
	871,320	11,998,024	3,061,154	625,000	(1,308,886)		15,246,612
Results:							
Depreciation	34,872	200,672	72,568	5,021	-		313,133
Segment profit/(loss)	(7,090)	(158,426)	110,863	1,310,750	(135,244)	A	1,120,853
Assets:							
Segment asset	913,379	4,732,445	-	14,664,836	(2,157,550)	A	18,153,110
Liabilities:							
Segment liabilities	**193,355**	3,004,952	-	323,986	(726,398)	A and B	2,795,895
31 March 2016							
Revenue							
External customers	-	8,002,667	1,079,216	-	-		9,081,883
Inter-segment	-	4,000	-	-	(4,000)	A	-
	-	8,006,667	1,079,216	-	(4,000)		9,081,883
Results:							
Depreciation	-	64,879	58,236	1,355	-		124,470
Segment profit	-	1,657,897	112,845	(747,722)	-		1,023,020
Assets:							
Segment asset	-	4,323,837	1,466,373	17,471,809	(1,865,837)	A	21,396,182
Liabilities:							
Segment liabilities	-	2,888,063	1,292,501	901,868	(1,420,195)	A and B	3,662,237

(*) The Solutions segment has been disposed off during the year and some payable to the Company, Digimatic Group Ltd., which amounting to S$338,057 were being waived off based on the agreed terms between the parties.

33. SEGMENT INFORMATION (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues and expenses are eliminated on consolidation.

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 (S$)	2016 (S$)
Deferred tax liabilities	69,329	175,407
Provision for income tax	-	155,548
	69,329	330,955

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2017 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

Shareholders Information as at 1 June 2017
Digimatic Group Ltd. – Ordinary Shares Voting Rights

The Company has ordinary shares on issue. The Company's ordinary shares traded on the Australian Securities Exchange are traded as Chess Depositary Interests ('CDIs') under the code DMC. Each CDI is a beneficial interest in a share. Details of trading activity are published daily by electronic information vendors. All ordinary shares carry one vote per share without restriction.

Analysis of Shareholders and CDI Holders*

CATEGORY (SIZE OF HOLDING)	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1,000	9	1,643	0.00%
1,001 – 5,000	8	28,540	0.00%
5,001 – 10,000	21	180,436	0.03%
10,001 – 100,000	389	25,113,741	3.84%
100,001 – and over	151	628,339,640	96.13%
	578	**653,664,000**	**100.00%**

The number of investors holding less than a marketable parcel of 6,410 DMC shares (based on a share price of A$0.078) was 19. They hold 46,861 DMC shares in total.

Twenty Largest Shareholders and CDI Holders*

REGISTERED HOLDER	NUMBER OF SHARES	% OF ISSUED CAPITAL
1. Champion Star United Inc	155,140,000	23.73%
2. 8 Business Pte Ltd	66,251,000	10.14%
3. Ong Shao Kuang, Ivan	60,830,000	9.31%
4. Aden Venture Limited	52,189,694	7.98%
5. Summerhill Group Pte Ltd	37,060,000	5.67%
6. HSBC Custody Nominees (Australia) Limited	32,188,720	4.92%
7. BNP Paribas Nominees Pty Ltd	32,177,383	4.92%
8. Feng Chongjun	27,493,329	4.21%
9. Lim Hui Jie	20,000,000	3.06%
10. Wong Wai Chuan	18,669,000	2.86%

ADDITIONAL INFORMATION (continued)

Shareholders Information as at 1 June 2017 (continued)

Twenty Largest Shareholders and CDI Holders* (continued)

REGISTERED HOLDER	NUMBER OF SHARES	% OF ISSUED CAPITAL
11. Lee Qilin	17,567,000	2.69%
12. Goh Siew Bee	16,440,000	2.52%
13. Citicorp Nominees Pty Limited	14,078,400	2.15%
14. Yee Wee Chong	7,991,500	1.22%
15. Tan Teck Yeong	6,250,000	0.96%
16. 8I Holdings Ltd	4,022,210	0.62%
17. Lim & Tan Securities Pte Ltd	3,903,965	0.60%
18. Sze Thye Group Limited	3,570,000	0.55%
19. Yeo Nam Seng Pte Ltd	3,180,000	0.49%
20. Ho Tuck Chee	2,875,000	0.44%
ALL OTHER SHAREHOLDERS	71,786,799	10.98%
Total	**653,664,000**	**100.00%**

Restricted Securities*

SECURITY CLASS	SHARES	NUMBER OF SHARES
DMCESC24	Fully paid ordinary shares – Escrowed 24 months to 16 December 2017	440,191,000
Total		**440,191,000**

Notes

** CDI Holders are holder of CHESS Depository Interests issued by CHESS Depository Nominees Pty Limited, where each CDI represents a beneficial interest in one ordinary share.*

ADDITIONAL INFORMATION (continued)

Shareholders Information as at 1 June 2017 (continued)

Substantial Shareholders and CDI Holder**

SECURITY CLASS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1. Champion Star United Inc	155,140,000	23.73%
2. 8 Business Pte Ltd	66,251,000	10.14%
3. Ong Shao Kuang, Ivan	60,830,000	9.31%
4. Aden Venture Limited	52,189,694	7.98%
5. Summerhill Group Pte Ltd	37,060,000	5.67%

Notes

*** This table is compiled on the basis that each holding of CDIs is a separate holding and accordingly, the holding of shares by CHESS Depository Nominees Pty Limited is ignored.*

CURRENT ON-MARKET BUY-BACK (ASX LISTING RULE 4.10.18)

There are no current on-market buy-back arrangement for the Company.

CONSISTENCY WITH BUSINESS OBJECTIVES (ASX LISTING RULE 4.10.19)

In accordance with ASX Listing Rule 4.10.19, the Group states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily the provision of digital marketing and ecommerce solutions. The Group believes it has used its cash in a consistent manner to which was disclosed under the Prospectus dated 2 November 2015.

CORPORATE GOVERNANCE STATEMENT

The directors of Digimatic Group Ltd. support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the Corporate Governance Statement and the Appendix 4G released to ASX and posted on the Company website at www.digimaticgroup.com.

The directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of guidelines and where do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.

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