MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Incorporated in the Republic of Singapore)
(Co. Reg. No. 201418775M)

Audited Financial Statements
For the financial year ended 31 March 2023

SPN ASSOCIATES PAC
Chartered Accountants of Singapore
1 North Bridge Road, #07-09 High Street Centre, Singapore 179094

MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Co. Reg. No. 201418775M)

For the financial year ended 31 March 2023

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Directors' Statement
For the financial year ended 31 March 2023

The directors are pleased to present the Directors' Statement to the members together with the audited financial statements of Mastek Systems (Singapore) Pte. Ltd., (formerly known as Evolutionary Systems (Singapore) Pte. Ltd.) (the "Company") for the financial year ended 31 March 2023.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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:

Agarwal Arun (Appointed on 04 September 2023)

Dangri Vimal Singh (Appointed on 04 September 2023)

Meenachi D/O Velu Krishnasamy

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 1967 (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.

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

SPN Associates PAC has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Agarwal Arun	Dangri Vimal Singh
Director	Director

Singapore,

31 OCT 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTEK SYSTEMS (SINGAPORE) PTE. LTD. (FORMERLY KNOWN AS EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MASTEK SYSTEMS (SINGAPORE) PTE. LTD., formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD. (the Company), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended 31 March 2022, were audited by another firm of auditors who expressed an unmodified opinion on those statements on 21 February 2023.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(FORMERLY KNOWN AS EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)

Report on the Audit of the Financial Statements (Cont'd)

Other Information (Cont'd)

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTEK SYSTEMS (SINGAPORE) PTE. LTD. (FORMERLY KNOWN AS EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)

Report on the Audit of the Financial Statements (Cont'd)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**NDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(FORMERLY KNOWN AS EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)**

Report on Other Legal and Regulatory Requirements

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

SPN Associates PAC

SPN ASSOCIATES PAC
Public Accountants and
Chartered Accountants

Singapore,

31 OCT 2023

MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Co. Reg. No. 201418775M)

Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 March 2023

	Note	2023 S$	2022 S$
Revenue	4	6,476,196	6,931,642
Other items of income			
Other income	5	26,176	-
Expenses			
Cost of services	6	(6,103,216)	(7,036,460)
Depreciation of plant and equipment	7	(1,128)	(8,913)
Depreciation of right of use assets	8	-	(16,175)
Employee benefits expense	9	(566,069)	(869,844)
Finance costs	10	(32,179)	(108)
Other expenses	11	(363,005)	(447,637)
Loss before income tax		(563,225)	(1,447,495)
Income tax benefit	12	103,689	225,341
Loss for the year, representing Total comprehensive loss for the year		(459,536)	(1,222,154)

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

MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Co. Reg. No. 201418775M)

Statement of Financial Position
As at 31 March 2023

	Note	2023 S$	2022 S$
ASSETS			
Non-current assets			
Investment in a subsidiary	13	1,874	1,874
Deferred tax assets	14	357,588	252,056
		359,462	253,930
Current assets			
Contract assets	15	3,325,829	2,438,234
Trade receivables	16	1,921,636	1,210,813
Deposits, prepayments and other receivables	17	65,755	925,463
Advances to suppliers	18	57,273	-
Cash and cash equivalents	19	1,134,250	137,931
		6,504,743	4,712,441
Total assets		6,864,205	4,966,371
EQUITY AND LIABILITIES			
Equity			
Share capital	20	100,000	100,000
Accumulated losses		(504,291)	(44,755)
Total equity		(404,291)	55,245
Current liabilities			
Contract liabilities	15	663,932	429,845
Loans and borrowings	21	3,967,417	-
Trade payables	22	2,457,459	4,042,642
Other payables and accruals	23	179,688	438,639
		7,268,496	4,911,126
Total liabilities		7,268,496	4,911,126
Total equity and liabilities		6,864,205	13,502,069

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

MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Co. Reg. No. 201418775M)

Statement of Changes in Equity
For the financial year ended 31 March 2023

	Share capital S$	Accumulated losses S$	Total S$
Balance at 1 April 2021	100,000	1,177,399	1,277,399
Total comprehensive loss for the year	-	(1,222,154)	(1,222,154)
Balance at 31 March 2022	100,000	(44,755)	55,245
Total comprehensive loss for the year	-	(459,536)	(459,536)
Balance at 31 March 2023	100,000	(504,291)	(404,291)

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

MASTEK SYSTEMS (SINGAPORE) PTE. LTD.
(Formerly known as EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.)
(Co. Reg. No. 201418775M)

Statement of Cash Flows
For the financial year ended 31 March 2023

	Note	2023 S$	2022 S$
Cash flows from operating activities			
Loss before income tax		(563,225)	(1,447,495)
Adjustments for:			
Impairment allowance written back, trade		(26,176)	-
Allowances for impairment of trade receivables		-	45,317
Depreciation of plant and equipment		1,128	8,913
Depreciation of right of use assets		-	16,175
Finance costs		32,179	108
Operating cash flow before working capital changes		(556,094)	(1,376,982)
Changes in working capital:			
Contract assets		(887,595)	(1,626,145)
Trade receivables		(684,647)	(674,043)
Other receivables		(18,335)	28,085
Advances to suppliers		(57,273)	-
Contract liabilities		234,087	98,483
Trade payables		(1,585,183)	3,420,091
Other payables and accruals		(258,951)	203,239
Cash (used in) / generated from operating activities		(3,813,991)	72,728
Income tax paid		(1,843)	(58,203)
Net cash (used in) / generated from operating activities		(3,815,834)	14,525
Cash flows from investing activities			
Purchase of plant and equipment		(1,128)	(8,913)
Net cash used in investing activities		(1,128)	(8,913)
Cash flows from financing activities			
Interest expense on loans and borrowings		(32,179)	-
Loan from a subsidiary		468,202	-
Loan from subsidiaries of the ultimate holding company		3,499,215	-
Loan to ultimate holding company		-	(2,282)
Loan to a subsidiary		-	(532,479)
Loan to subsidiaries of the ultimate holding company		(22,402)	(6,075)
Repayment of finance lease obligations		-	(16,980)
Repayment of loan from a subsidiary		900,445	-
Net cash used in financing activities		4,813,281	(557,816)
Net increase / (decrease) in cash and cash equivalents		996,319	(552,204)
Cash and cash equivalents at the beginning of the year		137,931	690,135
Cash and cash equivalents at the end of the year	14	1,134,250	137,931

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

1.1 CORPORATE INFORMATION

Mastek Systems (Singapore) Pte. Ltd. (the "Company") is incorporated in Singapore as a private company limited by shares. Its registered office is at 8 Temasek Boulevard, #42-01 Suntec Tower Three, Singapore 038988.

With effect from 28 April 2023, the name of the Company was changed from Evolutionary Systems (Singapore) Pte. Ltd. to Mastek Systems (Singapore) Pte. Ltd.

The principal activities of the Company are those of information technology consultancy.

There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company is Mastek Enterprise Solutions Private Limited, which is incorporated in India. The ultimate holding company is Mastek Limited, which is an entity listed in Indian Stock Exchange.

1.2 Going Concern Assumption

The Company recorded a net loss of S$ 459,536 and an operating cash outflow of S$ 3,815,834 for the financial year ended 31 March 2023. As at 31 March 2023, the Company's current liabilities exceeded its current assets by S$ 763,753 and total liabilities exceeded its total assets by S$ 404,291.

The financial statements of the Company have been prepared on a going concern assumption, notwithstanding the above factors as the immediate holding company, Mastek Enterprise Solutions Private Limited has undertaken to provide the necessary financial support. In view of the undertaking by the immediate holding company to provide continuing financial support, management is of the view that the Company will have adequate cash flows for the next twelve months from the date these financial statements are authorised for issue.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). 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 (SGD or S$), which is also the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest one dollar.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Standards Issued but Not Yet Effective

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

Description	**Effective for annual periods beginning on or after**
Amendment to FRS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to FRS 1 *Presentation of Financial Statements* and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendment to FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
Amendment to FRS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
FRS 117 *Insurance Contracts*	1 January 2023
Amendments to FRS 116 *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to FRS 1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024
Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Foreign Currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign Currency (Cont'd)

Transactions and Balances

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

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

2.5 Consolidation

These financial statements are the separate financial statements of Mastek Systems (Singapore) Pte. Ltd. The Company is exempted from the requirements to prepare consolidated financial statements as the ultimate holding company, Mastek Limited an entity listed in Indian Stock Exchange, produces consolidated financial statements available for public use. The registered address of Mastek Limited where those consolidated financial statements can be obtained is at SDF IV, Seepz, Andheri (East), Mumbai – 400096, India.

2.6 Subsidiary

Subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's financial statements, investment in subsidiary is accounted for at cost less impairment losses.

The consideration transferred for the acquisition of a subsidiary includes contingent consideration arrangement measured at fair value at the acquisition date.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, Plant and Equipment (Cont'd)

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

Computer equipment	1 year
Office equipment	1 year

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

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

Fully depreciated assets still in use are retained in the financial statements.

2.8 Financial Instruments

(a) Financial Assets

Initial recognition and measurement

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

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

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

Subsequent Measurement

Investments in debt instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments

(a) Financial Assets (Cont'd)

Subsequent Measurement (Cont'd)

Investments in debt instruments (Cont'd)

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

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

(b) Financial Liabilities

Initial Recognition and Measurement

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(b) Financial Liabilities (Cont'd)

Subsequent Measurement

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

Derecognition

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

2.9 Impairment of Financial Assets

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

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

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

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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.

2.11 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax 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.

2.12 Share Capital

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Contract Assets and Contract Liabilities

A contract asset is recognised when the Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) and are reclassified to trade receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Company recognises the related revenue. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or net contract liability is presented. For multiple contracts, contracts assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.14 Revenue

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

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

<u>Service revenue</u>

Revenue represents the amounts received and receivable from information technology consultancy rendered by the Company to customers, which is recognised over time.

2.15 Taxes

Current Income Tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Taxes (Cont'd)

Current Income Tax (Cont'd)

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

Deferred Tax

Deferred income tax is provided using the liability method, on all temporary differences at the financial year end date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Goods and Services Tax

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

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

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

2.16 Cash and Cash Equivalents

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

2.17 Employee Benefits

Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension schemes are recognised. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee Benefits (Cont'd)

Short-term employee benefits

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

2.18 Borrowing Costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.19 Leases

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

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

Right-of-Use Assets

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (Cont'd)

Lease Liabilities

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

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

Short-Term Leases and Leases of Low-Value Assets

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies

Determination of Functional Currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key Sources of Estimation Uncertainty

Provision for Expected Credit Losses of Trade Receivables and Contract Assets

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 25.1.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

4 REVENUE

	2023 S$	2022 S$
Disaggregation of revenue -		
Service revenue	6,476,196	6,931,642
Timing of revenue recognition -		
Over time	6,476,196	6,931,642

5 OTHER INCOME

	2023 S$	2022 S$
Impairment allowance written back, trade	26,176	-

6 COST OF SERVICES

	2023 S$	2022 S$
Purchases of software	83,038	86,649
Professional fees	6,020,178	6,949,811
	6,103,216	7,036,460

7 PLANT AND EQUIPMENT

	Computer equipment S$	Office equipment S$	Total S$
Cost			
At 1 April 2021	6,648	750	7,398
Additions	8,913	-	8,913
At 31 March 2022	15,561	750	16,311
Additions	1,128	-	1,128
At 31 March 2023	16,689	750	17,439

7 PLANT AND EQUIPMENT (CONT'D)

	Computer equipment S$	Office equipment S$	Total S$
Accumulated Depreciation			
At 1 April 2021	6,648	750	7,398
Depreciation for the period	8,913	-	8,913
At 31 March 2022	15,561	750	16,311
Depreciation for the period	1,128	-	1,128
At 31 March 2023	16,689	750	17,439
Net Book Value			
At 31 March 2023	-	-	-
At 31 March 2022	-	-	-

8 RIGHT OF USE ASSETS

Company as a lessee

The Company has lease contracts for office used in its operations. Leases of right of use of premises generally have lease terms for 2 years. The Company obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of use assets recognized and the movements during the financial year:

	Total S$
Cost	
At 1 April 2021	97,047
Expired	(97,047)
At 31 March 2022	-

8 RIGHT OF USE ASSETS (CONT'D)

Company as a lessee (Cont'd)

	Total
	S$
Accumulated Depreciation	
At 1 April 2021	80,872
Depreciation for the period	16,175
Expired	(97,047)
At 31 March 2022	-
Net Book Value	
At 31 March 2022	-

9 EMPLOYEE BENEFITS EXPENSE

	2023	2022
	S$	S$
Employee salaries and bonuses	534,532	859,682
Central provident fund contribution	13,253	957
Staff allowances	-	2,058
Medical expenses	137	4,900
Skills development levy	742	721
Staff welfare	17,405	1,526
	566,069	869,844

10 FINANCE COSTS

	2023	2022
	S$	S$
Interest expense on loans and borrowings	32,179	-
Interest on lease liabilities	-	108
	32,179	108

11 OTHER EXPENSES

	2023 S$	2022 S$
Allowances for impairment of trade receivables	-	45,317
Bank charges	13,290	7,952
General expenses	4,882	20,921
Insurance	28,621	56,475
Loss on foreign exchange	142,717	30,094
Marketing expenses	7,558	4,943
Office expenses	9,327	11,638
Professional fee	34,979	222,443
Rental of premises	62,797	35,200
Repairs and maintenance	2,072	753
Subscription fees	691	1,382
Transport and travelling expenses	56,071	10,519
	363,005	447,637

12 INCOME TAX BENEFIT

	2023 S$	2022 S$
Provision for taxation		
At the beginning of financial year	-	35,536
Provision for income tax expense for the year	1,843	11,376
Tax paid during the financial year	(1,843)	(58,203)
Under provision in respect of prior years	-	11,291
At the end of financial year	-	-

The components of income tax benefit recognised in profit or loss for the years ended 31 March 2023 and 31 March 2022 were:

	2023 S$	2022 S$
Current income tax		
Current income tax	1,843	11,376
Under provision in respect of prior years	-	11,291
	1,843	22,667
Deferred income tax		
Origination and reversal of temporary differences (Note 14)	(105,532)	(248,008)
Income tax benefit recognised in profit or loss	(103,689)	(225,341)

12 INCOME TAX BENEFIT (CONT'D)

Relationship between tax benefit and accounting loss

A reconciliation between tax benefit and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2023 and 31 March 2022 were as follows:

	2023 S$	2022 S$
Loss before tax	(563,225)	(1,447,495)
Tax calculated using Singapore tax rate 17%	(95,748)	(246,074)
Tax effect of:		
Non-deductible expenses	192	9,442
Non-taxable income	(9,976)	(11,376)
Under provision in respect of prior years	-	11,291
Difference in foreign tax rate	1,843	11,376
Income tax benefit recognised in profit or loss	(103,689)	(225,341)

As at end of financial year, the Company has unabsorbed tax losses of S$ 1,948,491 (2022: S$ 1,360,218) and unutilised capital allowances of S$ 10,041 (2022: S$ 8,913), which are available for carry over for set off against future taxable income, subject to compliance with certain provisions of the Income Tax Act.

The deferred tax assets on the unabsorbed tax losses amounting to S$ 331,243 (2022: S$ 231,237) and unutilised capital allowances amounting to S$ 1,707 (2022: S$ 1,515) have been recognised in the accounts.

13 INVESTMENT IN A SUBSIDIARY

	2023 S$	2022 S$
Unquoted investment, at cost		
At the beginning of the financial year	1,874	1,874
Add: Additions during the financial year	-	-
At the end of the financial year	1,874	1,874

13 INVESTMENT IN A SUBSIDIARY (CONT'D)

The detail of the subsidiary is as follows:

Name	Country of Incorporation	Principal Activities	Percentage Holding 2023	Percentage Holding 2022	Auditors
Evosys Consultancy Services (Malaysia) Sdn. Bhd.	Malaysia	Software consultancy	100%	100%	Grant Thornton Malaysia PLT

Consolidated financial statements

These financial statements are the separate financial statements of Mastek Systems (Singapore) Pte Ltd. The Company is exempted from the requirements to prepare consolidated financial statements as the ultimate holding company, Mastek Limited produces consolidated financial statements available for public use at its registered office located at SDF IV, Seepz, Andheri (East), Mumbai – 400096, India.

14 DEFERRED TAX ASSETS

Movements in deferred tax assets during the financial year were as follows:

	2023 S$	2022 S$
Balance at beginning of year	252,056	4,048
Recognised in profit or loss	105,532	248,008
Balance at end of year	357,588	252,056

	At 1 April 2021 S$	Recognised in profit or loss S$	At 31 March 2022 S$	Recognised in profit or loss S$	At 31 March 2023 S$
Deferred tax assets					
Unutilised losses	-	231,237	231,237	100,006	331,243
Unutilised capital allowances	-	1,515	1,515	192	1,707
Others	4,048	15,256	19,304	5,334	24,638
	4,048	248,008	252,056	105,532	357,588

14 DEFERRED TAX ASSETS (CONT'D)

In assessing whether it is probable that the Company's deferred tax assets will be realised, the Company's management considered factors that included historical taxable income, existing contracts and projected revenues and expenses for the next three financial years and concluded that it is probable that the deferred tax assets will be realised.

15 CONTRACT ASSETS / LIABILITIES

	2023 S$	2022 S$
Contract assets:		
Unbilled service revenue	3,325,829	2,438,234
Contract liabilities:		
Advance billings for service revenue	663,932	429,845

	2023 S$	2022 S$
Contract assets		
As at 01 April	2,438,234	812,089
Less: billed during the year	(1,853,938)	(541,677)
Add: contract assets for the year	2,741,533	2,167,822
As at 31 March	3,325,829	2,438,234

	2023 S$	2022 S$
Contract liabilities		
As at 01 April	429,845	331,362
Less: revenue booked during the year	(404,365)	(269,353)
Add: contract liability for the year	638,452	367,836
As at 31 March	663,932	429,845

(i) There are no outstanding unsatisfied performance obligation as on 31 March 2023.

(ii) Contract assets comprise unbilled revenue from customers for which the Company has performed work as at balance sheet date, but the agreed billing milestones have not been reached. Contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

(iii) Contract liabilities comprise advance payments from customers. In respect of service revenue, such advances arise when a particular milestone payment exceeds the work performed to date.

Contract liabilities recognised in revenue during the respective financial year are as follows:

	2023 S$	2022 S$
Advance billings for service revenue	429,845	331,362

16 TRADE RECEIVABLES

	2023 S$	2022 S$
Trade receivables	2,020,492	1,335,845
Less: Allowance for impairment of trade receivables	(98,856)	(125,032)
	1,921,636	1,210,813

Trade receivables are non-interest bearing and the average credit period granted are generally 60 to 120 days.

The Company has trade receivables amounting to US$ 1,116,464 (2022: US$ 740,705) that were past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting date is as follows:

	2023 S$	2022 S$
Past due but not impaired: -		
Less than 30 days	879,949	305,620
31 to 60 days	145,061	304,833
61 to 90 days	87,464	4,605
More than 90 days	23,129	125,647
	1,135,603	740,705

Expected credit losses

The movement in allowance for expected credit losses on trade receivables computed based on lifetime ECL was as follows:

	2023 S$	2022 S$
Movement in allowance accounts:		
Beginning of financial year	125,032	79,715
Allowance made	-	45,317
Allowance written back	(26,176)	-
End of financial year	98,856	125,032

Trade receivables are denominated in Singapore Dollars.

17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 S$	2022 S$
Amount due from subsidiaries of the ultimate holding company	28,477	6,075
Amount due from a subsidiary	-	900,445
Amount due from ultimate holding company	2,282	2,282
Deposits	8,277	8,277
Prepayments	3,227	8,384
Other receivables	23,492	-
	65,755	925,463

Amount due to subsidiaries of the ultimate holding company, subsidiary company and ultimate holding company (non-trade) is unsecured, interest-free and repayable on demand.

Deposits, prepayments and other receivables are denominated in the following currencies:

	2023 S$	2022 S$
Singapore Dollars	50,835	925,463
Malaysia Ringgit	14,920	-
	65,755	925,463

18 ADVANCES TO SUPPLIERS

	2023 S$	2022 S$
Advances to suppliers	57,273	-

Advances to suppliers refers to advance payments made under contract with suppliers for professional fees which fulfilled after the year end.

Advances to suppliers are denominated in Singapore Dollars.

19 CASH AND CASH EQUIVALENTS

	2023 S$	2022 S$
Cash at bank	1,134,250	137,931

Cash and cash equivalents are denominated in the following currencies:

	2022 S$	2021 S$
Singapore Dollars	926,116	137,931
United States Dollars	208,134	-
	1,134,250	137,931

20 SHARE CAPITAL

	2023		2022	
	Number of shares	S$	Number of shares	S$
Issued and fully paid				
At the beginning of the financial year	100,000	100,000	100,000	100,000
Issued during the year	-	-	-	-
At the end of the financial year	100,000	100,000	100,000	100,000

All issued ordinary shares are fully paid.

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

21 LOANS AND BORROWINGS

	2023	2022
	S$	S$
Unsecured loan - subsidiary	468,202	-
Unsecured loan - subsidiaries of the ultimate holding company	3,499,215	-
	3,967,417	-

Unsecured loan pertains to the loan taken from a subsidiary company and subsidiaries of the ultimate holding company with repayment term of 1 year and interest at 1.6% per annum above British Pound Sterling Overnight Index Average Rate.

Loans and borrowings are denominated in United States Dollar.

22 TRADE PAYABLES

	2023	2022
	S$	S$
Trade creditors		
- Third parties	50,491	46,917
- Ultimate holding company	83,409	75,617
- Immediate holding company	2,089,450	3,508,037
- Subsidiaries of the ultimate holding company	234,109	412,071
	2,457,459	4,042,642

Trade payables are non-interest bearing and have an average credit term of 30 to 120 days.

22 TRADE PAYABLES (CONT'D)

Trade payables are denominated in the following currencies:

	2023 S$	2022 S$
Singapore Dollars	307,505	122,534
United States Dollars	2,149,954	3,920,108
	2,457,459	4,042,642

23 OTHER PAYABLES AND ACCRUALS

	2023 S$	2022 S$
Accruals	99,130	377,308
Goods and services tax payables	80,558	61,331
	179,688	438,639

Other payables and accruals are denominated in Singapore Dollars.

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

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:

A) Transactions with the ultimate holding company

	2023 S$	2022 S$
Professional fees	90,326	76,535
Loan to ultimate holding company	-	2,282

B) Transactions with the immediate holding company

	2023 S$	2022 S$
Professional fees	5,267,336	6,061,270

24 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

C) Transactions with a subsidiary

	2023 S$	2022 S$
Loan from a subsidiary	468,202	-
Loan to a subsidiary	-	532,479
Repayment of loan from a subsidiary	900,445	-
Service revenue	-	600,000
Reimbursement of expenses	-	41,284
Interest expense	2,702	-

D) Transactions with subsidiaries of the ultimate holding company

	2023 S$	2022 S$
Loan from subsidiaries of the ultimate holding company	3,499,215	-
Loan to subsidiaries of the ultimate holding company	22,402	6,075
Professional fees	281,607	433,347
Interest expense	29,477	-

25 FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operation. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

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

25 FINANCIAL RISK MANAGEMENT (CONT'D)

25.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Company's exposure to credit risks arises primarily from trade receivables and contract assets. For other financial assets (including cash and cash equivalents), the Company minimises credit risks by dealing exclusively with counterparties with high credit rating.

The Company's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms undergo credit verification procedures. In addition, receivable balances are monitored on an on-going basis to minimize the Company's exposure to bad debts.

Contract assets relate to the Company's rights to consideration for work completed but not billed at the reporting date, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

Trade receivables: As at March 31, 2023, the Company had a significant concentration of credit risk with three major customers accounting for 61.9% (March 31, 2022: 66.6%) of net trade receivables at that date. Management believes that this concentration of credit risk is mitigated because the outstanding balances at the year-end are with customers who have long-term relationship with the Company.

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

25.1 Credit risk (Cont'd)

The Company's current credit risk grading framework comprises the following categories:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Performing	Receivables whose credit risk is in line with original expectations.	12 month expected losses. Where the expected lifetime of a receivable is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if repayments of receivables are 30 days past due.	Lifetime expected losses
Non-performing (Credit impaired)	Repayments of receivables are 60 days are past due or it becomes probable a debtor will enter bankruptcy.	Lifetime expected losses
Write-off	Repayments of receivables are 120 days past due and debtor failing to engage a valid repayment plan with the Company.	Receivable is written off

The maximum exposure to credit risk for the Company is as follows:

	Note	Gross carrying amount S$	Net carrying amount S$	Loss allowance S$
31 March 2023				
Contract assets	15	3,325,829	3,325,829	-
Trade receivables	16	2,020,492	1,921,636	98,856
				98,856
31 March 2022				
Contract assets	15	2,438,234	2,438,234	-
Trade receivables	16	1,335,845	1,210,813	125,032
				125,032

25 FINANCIAL RISK MANAGEMENT (CONT'D)

25.2 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through cash and cash equivalents. The Company finances its working capital requirements through funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

The Company recorded a net loss of S$ 459,536 and an operating cash outflow of S$ 3,815,834 for the financial year ended 31 March 2023. As at 31 March 2023, the Company's current liabilities exceeded its current assets by S$ 763,753 and total liabilities exceeded its total assets by S$ 404,291. In view of the undertaking by the immediate holding company to provide continuing financial support, management is of the view that the Company will have adequate cash flows for the next twelve months from the date these financial statements are authorised for issue (Note 1.2).

The table below summarises the maturity profile of the Company's financial assets and liabilities at end of the reporting period based on contractual undiscounted payments.

		Contractual cash flows (including interest payments)			
	Carrying amount S$	**Total S$**	**One year or less S$**	**Two to five years S$**	**Over five years S$**
31 March 2023					
Financial assets					
Trade receivables	1,921,636	1,921,636	1,921,636	-	-
Deposits and other receivables	62,528	62,528	62,528	-	-
Cash and cash equivalents	1,134,250	1,134,250	1,134,250	-	-
	3,118,414	3,118,414	3,118,414	-	-
Financial liabilities					
Loans and borrowings	3,967,417	4,064,452	4,064,452	-	-
Trade payables	2,457,459	2,457,459	2,457,459	-	-
Other payables and accruals	99,130	99,130	99,130	-	-
	6,524,006	6,621,041	6,621,041	-	-
Net financial liabilities	(3,405,592)	(3,502,627)	(3,502,627)	-	-

26 FINANCIAL RISK MANAGEMENT (CONT'D)

25.2 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Company's financial assets and liabilities at end of the reporting period based on contractual undiscounted payments.

		Contractual cash flows (including interest payments)			
	Carrying amount S$	**Total S$**	**One year or less S$**	**Two to five years S$**	**Over five years S$**
31 March 2022					
Financial assets					
Trade receivables	1,210,813	1,210,813	1,210,813	-	-
Deposits and other receivables	917,079	917,079	917,079	-	-
Cash and cash equivalents	137,931	137,931	137,931	-	-
	2,265,823	2,265,823	2,265,823	-	-
Financial liabilities					
Trade payables	4,042,642	4,042,642	4,042,642	-	-
Other payables and accruals	377,308	377,308	377,308	-	-
	4,419,950	4,419,950	4,419,950	-	-
Net financial liabilities	(2,154,127)	(2,154,127)	(2,154,127)		

25.3 Foreign currency risk

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

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar (USD) and Malaysian Ringgit (MYR).

25 FINANCIAL RISK MANAGEMENT (CONT'D)

25.3 Foreign currency risk

The Company's currency exposures to the USD and MYR at the reporting date were as follows:

	2023		2022	
	USD	MYR	USD	MYR
	S$	S$	S$	S$
Financial assets				
Deposits, prepayments and other receivables	-	14,920	-	-
Financial liabilities				
Loans and borrowings	3,967,417	-	-	-
Trade Payables	2,149,954	-	3,920,108	-
	6,117,371	-	3,920,108	-
Currency exposures	(6,117,371)	14,920	(3,920,108)	-

A 10% strengthening of Singapore Dollar against the foreign currencies denominated balances as at the reporting date would increase / (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss after tax	
	2023	2022
	S$	S$
United States Dollar	507,742	325,369
Malaysian Ringgit	(1,238)	-

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

25.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market rates. The Company does not have any floating interest rate bearing financial assets or liabilities as at the reporting dates and is not exposed to significant interest rate risk.

26 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023 S$	2022 S$
Financial assets		
Trade receivables (Note 16)	1,921,636	1,210,813
Deposits and other receivables (Note 17)	62,528	917,079
Cash and cash equivalents (Note 19)	1,134,250	137,931
Total financial assets measured at amortised cost	3,118,414	2,265,823
Financial liabilities		
Loans and borrowings (Note 21)	3,967,417	-
Trade payables (Note 22)	2,457,459	4,042,642
Other payables and accruals (Note 23)	99,130	377,308
Total financial liabilities measured at amortised cost	6,524,006	4,419,950

27 CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital net of accumulated losses.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2023 and 31 March 2022.

28 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

These financial statements of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 31 October 2023.

Appendix A - Detailed Statement of Profit or Loss
For the financial year ended 31 March 2023

	2023 S$	2022 S$
Revenue		
Service revenue	6,476,196	6,931,642
Other income		
Impairment allowance written back, trade	26,176	-
Less: Cost of services		
Purchases of software	83,038	86,649
Professional fees	6,020,178	6,949,811
	6,103,216	7,036,460
Less: Depreciation of plant and equipment		
Depreciation of plant and equipment	1,128	8,913
Less: Depreciation of right of use assets		
Depreciation of right of use assets	-	16,175
Less: Employee benefits expense		
Employee salaries and bonuses	534,532	859,682
Central provident fund contribution	13,253	957
Staff allowances	-	2,058
Medical expenses	137	4,900
Skills development levy	742	721
Staff welfare	17,405	1,526
	566,069	869,844
Less: Finance costs	32,179	108
Less: Other expenses	363,005	447,637
Loss before income tax	**(563,225)**	**(1,447,495)**
Income tax benefit	103,689	225,341
Loss for the year	**(459,536)**	**(1,222,154)**

Appendix A - Detailed Statement of Profit or Loss
For the financial year ended 31 March 2023

	2023 S$	2022 S$
Less: Finance costs		
Interest expense on loans and borrowings	32,179	-
Interest on lease liabilities	-	108
	32,179	108
Less: Other expenses		
Allowances for impairment of trade receivables	-	45,317
Bank charges	13,290	7,952
General expenses	4,882	20,921
Insurance	28,621	56,475
Loss on foreign exchange	142,717	30,094
Marketing expenses	7,558	4,943
Office expenses	9,327	11,638
Professional fee	34,979	222,443
Rental of premises	62,797	35,200
Repairs and maintenance	2,072	753
Subscription fees	691	1,382
Transport and travelling expenses	56,071	10,519
	363,005	447,637