

Company Registration No. 200808802R

IIFL Capital Pte. Ltd.

Annual Financial Statements  
31 March 2017

## IIFL Capital Pte. Ltd.

### General information

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#### Directors

Amit Nitin Shah  
Amit Garg

#### Company Secretary

Lee Tiong Hock (Appointed on 28 June 2016)  
Lynn Wan Tiew Leng (Resigned on 28 June 2016)

#### Registered Office

6 Shenton Way  
#18-08B OUE Downtown 2  
Singapore 068809

#### Auditor

Ernst & Young LLP

#### Index

	Page
Directors' statement	1
Independent auditor's report	3
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10

## IIFL Capital Pte. Ltd.

### Directors' statement

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The directors are pleased to present their statement to the member together with the audited financial statements of IIFL Capital Pte. Ltd. (the "Company") for the financial year ended 31 March 2017.

#### Opinion of the directors

In the opinion of the directors,

- (a) the accompanying statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

#### Directors

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

Amit Nitin Shah  
Amit Garg

#### 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 object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

#### Directors' interests in shares or debentures

The directors of the Company who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest	
	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of a related company (IIFL Wealth Management Limited)</i>		
Amit Nitin Shah	1,818,421	1,818,421
<i>Options to subscribe for ordinary shares of a related company (IIFL Wealth Management Limited)</i>		
Amit Nitin Shah	900,000	900,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

**Share options**


During the financial year, there was:

- (a) no option granted by the Company to any person to take up unissued shares of the Company;  
and
- (b) no share issued by virtue of the exercise of options to take up unissued shares of the Company.

At the end of the financial year, there was no unissued share of the Company under option.

**Auditor**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

  
Amit Nitin Shah  
Director

  
Amit Garg  
Director

Singapore  
2 May 2017

**IIFL Capital Pte. Ltd.**

**Independent auditor's report  
For the financial year ended 31 March 2017**

**Independent auditor's report to the member of IIFL Capital Pte. Ltd.**

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## **Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of IIFL Capital Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view the of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for year ended on that date.

### **Basis for opinion**

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

### **Other information**

Management is responsible for the other information. The other information comprises the general information and directors' statement set out on page 1 and 2.

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

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

**Independent auditor's report  
For the financial year ended 31 March 2017**

**Independent auditor's report to the member of IIFL Capital Pte. Ltd.**

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**Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of the 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.

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.

IIFL Capital Pte. Ltd.

Independent auditor's report  
For the financial year ended 31 March 2017

**Independent auditor's report to the member of IIFL Capital Pte. Ltd.**

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on other legal and regulatory requirements**

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

The logo for Ernst & Young LLP, featuring the company name in a blue, cursive script.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
2 May 2017

**IIFL Capital Pte. Ltd.****Statement of comprehensive income  
For the financial year ended 31 March 2017**

	<b>Note</b>	<b>2017</b> S\$	<b>2016</b> S\$
<b>Revenues</b>			
Management and custody fees	3	3,615,233	2,705,046
Performance and setup fees	3	176,160	409,993
Upfront and setup fees		1,108,169	2,283,208
Fair value gain on investment securities	8	280,858	–
Other income		3,053	10,274
		<hr/>	<hr/>
		5,183,473	5,408,521
<b>Expenses</b>			
Employees' compensation and related costs	4	2,346,328	1,547,590
Office rental expenses		88,876	83,813
Depreciation	7	974	822
Net foreign exchange loss		10,541	139,605
Other operating expenses	5	1,851,428	1,417,378
		<hr/>	<hr/>
		4,298,147	3,189,208
<b>Profit before taxation</b>			
		885,326	2,219,313
Taxation	6	(68,580)	–
		<hr/>	<hr/>
<b>Profit for the year</b>			
		816,746	2,219,313
Other comprehensive income		–	–
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>			
		816,746	2,219,313

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*



**IIFL Capital Pte. Ltd.****Balance sheet  
As at 31 March 2017**

	<b>Note</b>	<b>2017 S\$</b>	<b>2016 S\$</b>
<b>Non-current asset</b>			
Property, plant and equipment	7	2,509	3,483
<b>Current assets</b>			
Investment securities	8	3,238,758	–
Trade and other receivables	9	2,172,421	1,464,746
Prepayments		49,543	16,986
Cash and cash equivalents	10	162,075	3,248,651
		<u>5,622,797</u>	<u>4,730,383</u>
<b>Current liabilities</b>			
Amounts due to a related company	11	79,945	239,161
Accrued expenses		783,303	617,973
Provision for taxation		68,580	–
		<u>931,828</u>	<u>857,134</u>
<b>Net current assets</b>		<u>4,690,969</u>	<u>3,873,249</u>
<b>Net assets</b>		<u>4,693,478</u>	<u>3,876,732</u>
<b>Equity</b>			
Share capital	12	5,300,000	5,300,000
Accumulated losses		(606,522)	(1,423,268)
<b>Total equity</b>		<u>4,693,478</u>	<u>3,876,732</u>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**IIFL Capital Pte. Ltd.**

**Statement of changes in equity  
For the financial year ended 31 March 2017**

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	<b>Share capital S\$</b>	<b>Accumulated losses S\$</b>	<b>Total equity S\$</b>
At 1 April 2015	5,300,000	(3,642,581)	1,657,419
Total comprehensive income for the year	–	2,219,313	2,219,313
At 31 March 2016 and at 1 April 2016	5,300,000	(1,423,268)	3,876,732
Total comprehensive income for the year	–	816,746	816,746
At 31 March 2017	5,300,000	(606,522)	4,693,478

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**IIFL Capital Pte. Ltd.****Cash flow statement  
For the financial year ended 31 March 2017**

	<b>2017</b> S\$	<b>2016</b> S\$
<b>Cash flows from operating activities</b>		
Profit before taxation	885,326	2,219,313
Adjustments for:		
Depreciation	974	822
Fair value gain on investment securities	(280,858)	-
<b>Operating cash flows before changes in working capital</b>	605,442	2,220,135
Increase in trade and other receivables	(707,675)	(270,742)
Increase in prepayments	(32,557)	(4,543)
Decrease in amounts due to a related company	(159,216)	(346,839)
Increase in accrued expenses	165,330	190,539
<b>Net cash flows (used in)/generated from operating activities</b>	(128,676)	1,788,550
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(4,305)
Purchase of investment securities	(2,957,900)	-
<b>Net cash flows used in investing activities</b>	(2,957,900)	(4,305)
<b>Net change in cash and cash equivalents</b>	(3,086,576)	1,784,245
Cash and cash equivalents at beginning of year	3,248,651	1,464,406
<b>Cash and cash equivalents at end of year</b>	162,075	3,248,651

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

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**1. Corporate information**

IIFL Capital Pte. Ltd. (the "Company") is a private limited company incorporated in the Republic of Singapore whose registered office is at 6 Shenton Way, #18-08B OUE Downtown 2, Singapore 068809. It is a wholly-owned subsidiary of IIFL (Asia) Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is IIFL Holdings Limited, a company incorporated in India, listed on the National Stock Exchange of India Limited and The Bombay Stock Exchange Limited.

The principal activity of the Company is to carry on its business in fund management and certain financial advisory services in Singapore.

On 4 June 2013, the Company was issued a Capital Markets Services License by the Monetary Authority of Singapore ("MAS") and licensed under the Securities and Future Act (Chapter 289) to conduct fund management. There was no significant change in nature of these activities during the financial year.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore dollar ("SGD" or "\$\$").

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Company.

**2.3 Standards issued but not yet effective**

The Company has not adopted the following standards that have been issued but not yet effective:

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

The directors are currently assessing the impact of the standards above and plan to adopt these standards on the required effective date.

**2. Summary of significant accounting policies (cont'd)**

**2.4 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.

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Taxation

Significant judgement is involved in determining the Company's provision for taxation. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on the estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Company's income tax payable at the end of the reporting period was S\$68,580 (2016: S\$Nil).

**2.5 Functional and foreign currencies**

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Major costs of providing services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the functional currency are recorded on the 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 closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

2. **Summary of significant accounting policies (cont'd)**

2.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	-	3 years
Furniture and fittings	-	5 years
Office equipment	-	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

2.7 ***Impairment of non-financial assets***

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Impairment of non-financial assets (cont'd)**

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

**2.8 Financial assets**

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

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 differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Company classifies investment securities as financial assets at fair value through profit or loss.

*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 or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process. The Company classifies cash and cash equivalents, trade and other receivables as loans and receivables.

2. **Summary of significant accounting policies (cont'd)**

2.9 ***Impairment of financial assets***

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired:

*Financial assets carried at amortised cost*

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 differences 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. 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 assets 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 values of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets had been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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.

2.10 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank.

2.11 ***Provisions***

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

Provisions are reviewed at 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 provisions are 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 increases in the provisions due to the passage of time are recognised as a finance cost.



**2. Summary of significant accounting policies (cont'd)**

**2.12 *Financial liabilities***

Financial liabilities include amounts due to a related company and accrued expenses. Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instruments. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. For financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

**2.13 *Employee benefits***

As required by law, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the financial period in which the related service is performed.

**2.14 *Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from the provision of fund management services is recognised based on pre-defined rates over the Net Asset Value ("NAV") of all managed funds as determined between the Company and its clients on an accrual basis. Performance fees are recognised when the quantum of fees can be reliably estimated. Upfront and setup fees are recognised when the fees can be reliably measured.

**2.15 *Operating leases***

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.16 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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the country where the Company operates and generates taxable income.

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.

(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 and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial 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 the reporting period.

2. Summary of significant accounting policies (cont'd)

2.17 *Share capital and share issue expenses*

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.

2.18 *Related parties*

A related party is defined as follows:

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

**2. Summary of significant accounting policies (cont'd)**

**2.19 Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company has determined that investment funds that it provides fund management services are unconsolidated structured entities.

*Interests in unconsolidated structured entities*

The Company's interests in unconsolidated structured entities refer to contractual and non-contractual involvement that exposes the Company to variability of returns from the performance of the structured entities. Interests in unconsolidated structured entities exclude instruments which introduce variability of returns into the structured entities.

**3. Management, performance and custody fees**

The Company's revenue results from investment management services provided to its managed funds. The Company receives management fee, performance fee and custody fee at rates determined between the Company and its managed funds.

**4. Employees' compensation and related costs**

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Salaries and bonuses	2,260,116	1,494,506
CPF contributions	61,299	37,995
Other short-term benefits	24,913	15,089
	<hr/>	<hr/>
	2,346,328	1,547,590
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**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

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**5. Other operating expenses**

The following items have been included in arriving at other operating expenses:

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Referral fees	597,215	630,335
Fund management expenses	483,504	294,548
Advisory fees	402,005	140,589
Office expenses	80,461	79,072
Professional fees	73,115	41,790
Manpower outsourcing fees	60,000	60,000
Travelling expenses	37,822	56,166
Communication expenses	25,622	32,731
Statutory charges	18,328	21,837
Others	73,356	60,310
	<u>1,851,428</u>	<u>1,417,378</u>

**6. Taxation**

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable statutory tax rate for the financial years ended 31 March were as follows:

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Profit before taxation	885,326	2,219,313
Tax at statutory tax rate of 17% (2016: 17%)	150,505	377,283
Adjustments:		
Non-deductible expenses	1,606	248
Non taxable income	(47,313)	-
Effect of tax relief	(857)	(860)
Benefits from previously unrecognised deferred tax assets	(18,580)	(60,633)
Benefits from previously unrecognised tax losses	(16,781)	(316,038)
Income tax recognised in profit or loss	<u>68,580</u>	<u>-</u>

As at 31 March 2017, the Company has unutilized capital allowances amounting to approximately nil (2016: S\$272,000) available for offset against future taxable profits, subject to the agreement of tax authorities and compliance with certain provisions of the Income Tax Act.

**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

**7. Property, plant and equipment**

	Computers S\$	Furniture and fittings S\$	Office equipment S\$	Total S\$
<b>Cost</b>				
At 1 April 2015	43,372	21,934	17,324	82,630
Additions	849	3,456	–	4,305
At 31 March 2016 and at 1 April 2016	44,221	25,390	17,324	86,935
Additions	–	–	–	–
At 31 March 2017	44,221	25,390	17,324	86,935
<b>Accumulated depreciation</b>				
At 1 April 2015	43,372	21,934	17,324	82,630
Depreciation charge	189	633	–	822
At 31 March 2016 and at 1 April 2016	43,561	22,567	17,324	83,452
Depreciation charge	283	691	–	974
At 31 March 2017	43,844	23,258	17,324	84,426
<b>Net carrying amount</b>				
At 31 March 2016	660	2,823	–	3,483
At 31 March 2017	377	2,132	–	2,509

**8. Investment securities, at fair value**

	2017 S\$	2016 S\$
<b>Held-for-trading investments:</b>		
Cost of investment	2,957,900	–
Net fair value gain on investment securities	280,858	–
	3,238,758	–

As at 31 March 2017, the Company holds 22,000 non-voting redeemable participating shares in Segregated Account No.74 of Global Dynamic Opportunities Fund Ltd. ("GDOF"), a fund managed by the Company.

**Notes to the financial statements  
For the financial year ended 31 March 2017**

**9. Trade and other receivables**

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Trade receivables	1,996,832	1,462,973
Refundable deposit	78,973	1,773
Prepayments	92,741	-
Staff loan	3,176	-
Other	699	-
	<u>2,172,421</u>	<u>1,464,746</u>

Trade receivables comprise management and performance fees receivable, which are denominated in United States dollars.

Trade receivables are non-interest bearing and are generally on 30 days' terms. These are recognised at their original amounts which represent their fair value on initial recognition.

Trade receivables are neither past due nor impaired.

**10. Cash and cash equivalents**

Cash and cash equivalents were denominated in the following currencies:

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Singapore dollars	21,560	22,404
United States dollars	140,515	3,226,247
	<u>162,075</u>	<u>3,248,651</u>

Cash at bank is placed with a reputable financial institution and earns interest at floating rates based on daily bank deposits rates.

**11. Amounts due to a related company**

These amounts were trade related, unsecured and non-interest bearing.

**12. Share capital**

	<b>2017</b>		<b>2016</b>	
	No. of shares	S\$	No. of shares	S\$
<i>Issued and fully paid:</i>				
At beginning and end of year	5,300,000	5,300,000	5,300,000	5,300,000

**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

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**12. Share capital (cont'd)**

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

**13. Related party transactions**

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

**(a) Revenues**

	<b>2017</b> S\$	<b>2016</b> S\$
<b>Fees from GDOF:</b>		
- Management fees	2,926,329	2,406,403
- Performance fees	176,160	409,993
- Upfront fees	1,009,623	2,283,208
- Exit Load fees	-	9,774
- Set up fees	98,546	-
	<hr/>	<hr/>
	<b>2017</b> S\$	<b>2016</b> S\$
<b>Fees from IIFL Opportunity Fund 3 ("IOF3"):</b>		
- Management fees	18,552	-
	<hr/>	<hr/>

**(b) Expenses**

	<b>2017</b> S\$	<b>2016</b> S\$
Referral fees paid to a related company:		
- IIFL Securities Pte. Ltd.	555,085	630,335
Fund management expenses paid on behalf of affiliated funds	483,504	294,548
Manpower outsourcing fees paid to:		
- IIFL Distribution Services Private Limited	60,000	60,000
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**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

**13. Related party transactions (cont'd)****(c) Compensation of key management personnel**

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Salaries and bonuses	762,351	842,022
CPF contributions	15,640	14,224
	<hr/>	<hr/>
Amounts paid to directors of the Company	777,991	856,246
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**(d) Amounts due to a related company**

	<b>2017</b>	<b>2016</b>
	S\$	S\$
IIFL Securities Pte. Ltd.	79,945	239,161
	<hr/> <hr/>	<hr/> <hr/>

**(e) Other interests in unconsolidated structured entities**

The Company received management and performance fees in respect of its fund management business. The Company does not sponsor any of the investment fund vehicles ("Funds") from which it received fees. Management fees, performance fees, and other fees received from the Funds represent an interest in unconsolidated structured entities. As these investments are not held by the Company, the investment risk is borne by the external investors of the Funds and therefore the Company's maximum exposure to loss relates to future management fees, performance fees and other fees. The table below shows the net asset value of the Funds under management and the fees earned from those entities.

	<b>Net asset value of the Funds under management as of 31 March 2017</b>	<b>Management and custody fees</b>	<b>Performance fees</b>	<b>Upfront fees</b>	<b>Set up Fees</b>
	S\$	S\$	S\$	S\$	S\$
Affiliated funds					
- GDOF	736,963,410	2,926,329	176,160	1,009,623	98,546
- IOF3	8,124,704	18,552	-	-	-
Third party	168,793,187	670,352	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	913,881,301	3,615,233	176,160	1,009,623	98,546
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 13. Related party transactions (cont'd)

(e) *Other interests in unconsolidated structured entities (cont'd)*

	Net asset value of the Funds under management as of 31 March 2016 S\$	Management and custody fees S\$	Performance fees S\$	Upfront fees S\$	Exit load Fees S\$
Affiliated fund					
- GDOF	1,142,248,113	2,406,403	409,993	2,283,208	9,774
Third party	44,750,414	298,643	–	–	–
	<u>1,186,998,527</u>	<u>2,705,046</u>	<u>409,993</u>	<u>2,283,208</u>	<u>9,774</u>

## 14. Financial assets and liabilities by categories

The carrying amounts of the following categories of financial instruments measured at amortised cost were as follows:

	2017 S\$	2016 S\$
<b>Financial assets</b>		
Trade and other receivables	2,172,421	1,464,746
Cash and cash equivalents	162,075	3,248,651
Total financial assets	<u>2,334,496</u>	<u>4,713,397</u>
<b>Financial liabilities</b>		
Amounts due to a related company	79,945	239,161
Accrued expenses	308,303	244,323
Total financial liabilities	<u>388,248</u>	<u>483,484</u>

**15. Financial risk management objectives and policies**

The Company's principal financial instruments comprise cash and cash equivalents for the Company's daily operations. The Company has various financial assets and liabilities such as trade and other receivables, amounts due from/(to) related parties and accrued expenses, which arise directly from its operations.

The financial risks arising from the Company's operations are credit risk, foreign currency risk and liquidity risk. The board of director reviews and agrees policies for managing each of these risks and they are summarised below:

(a) **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 risk arises primarily from cash and cash equivalents, trade and other receivables. The cash and cash equivalents are placed with a financial institution with good credit rating.

The Company attempts to minimise its credit risk by evaluating and monitoring the credit exposure to its managed funds. The Company adopted the policy of only dealing with credit worthy counterparties to mitigate the risk of financial loss from default.

The Company derives its main source of revenue from providing fund management services to its managed funds. The carrying amount of receivables and cash and cash equivalents represent the Company's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk.

As at the end of each reporting period, the Company has no financial asset that is past due or impaired.

(b) **Foreign currency risk**

Foreign currency risk is the risk that arises from the change in price of one currency against another because of changes in foreign currency exchange rates.

The Company is exposed to movements in the foreign currency exchange rates other than in its functional currency, the SGD. The Company reviews its exposure to foreign currency risk on a regular basis.

As at 31 March 2017, the Company's investment securities, cash and cash equivalents, trade and other receivables, and accrued expenses are exposed to approximately S\$5,270,431 (2016: S\$4,689,220) of United States dollars ("USD" or "US\$").

The following table demonstrates the sensitivity of the Company's equity to changes in the value of the trade and other receivables resulting from a reasonable possible change in USD against SGD, with all other variables held constant:

	<b>2017</b>	<b>2016</b>
	S\$	S\$
USD - Strengthened by 5% (2016: 5%)	263,522	234,461
USD - Weakened by 5% (2016: 5%)	(263,522)	(234,461)

**15. Financial risk management objectives and policies (cont'd)**

(c) ***Liquidity risk***

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due and it results from amounts and maturity mismatches of assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility by maintaining sufficient liquid financial assets.

(d) ***Maturity analysis of financial liabilities***

Financial liabilities of the Company comprise of amounts due to a related company and accrued expenses. Amounts due to a related company are repayable on demand while accrued expenses are typically settled within 30 days.

**16. Financial instruments**

a) ***Fair value***

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, other than in a forced or liquidation sale.

*Financial instruments whose carrying amount approximates fair value*

Management has determined that the fair value of financial assets and liabilities of the Company approximates their carrying values due to their short-term nature.

b) ***Fair value hierarchy***

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

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

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

The fair value of the investment securities as at the date of the balance sheet was determined based on the Net Asset Value ("NAV") per share published by the Administrator of the fund.

**Notes to the financial statements**  
**For the financial year ended 31 March 2017**

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**16. Financial instruments (cont'd)***b) Fair value hierarchy (cont'd)*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period.

<b>31 March 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	S\$	S\$	S\$	S\$
Investment securities	–	3,238,758	–	3,238,758
	–	3,238,758	–	3,238,758

**17. Commitments**

Future minimum rental payable under operating leases at the end of the reporting period were as follows:

	<b>2017</b>	<b>2016</b>
	S\$	S\$
Within one year	276,405	–
Later than one year but not later than five years	671,270	–
	<u>947,675</u>	<u>–</u>

**18. Capital management**

The Company maintains a capital base to cover risk inherent in the business. The primary objectives of the Company's capital management are to ensure that it maintains sufficient capital to safeguard its ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No change was made in the objectives, policies or processes during the financial year ended 31 March 2017.

The Company is subject to the base capital and financial resources requirements pursuant to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations. The Company has complied with the base capital and financial resources requirement throughout the year.

**19. Authorisation of financial statements**

The financial statements of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 2 May 2017.