GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)
(Registration Number: 200513294K)

FINANCIAL STATEMENTS
YEAR ENDED
31 MARCH 2017

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

Director

Kalasegaran s/o Genkatharan

Secretaries

Wong Mun Kit
Lau Yim Chu Nancy

Registered Office

65, Ubi Road 1
#01-64
Oxley Biz Hub
Singapore 408729

Auditors

Rohan • Mah & Partners LLP

Bankers

DBS Bank Ltd

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DIRECTOR'S STATEMENT

The director is pleased to present this statement to the members together with the audited financial statements of Gati Asia Pacific Pte. Ltd. ("the Company") for the financial year ended 31 March 2017.

1 OPINION OF THE DIRECTOR

In the opinion of the director,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, as the ultimate holding company has given written confirmation of its continuing financial support for the Company, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

2 DIRECTOR

The director of the Company in office at the date of this statement is:

Kalasegaran s/o Genkatharan

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND 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 director 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 DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), the director 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 options granted during the financial year to subscribe for unissued shares of the Company.

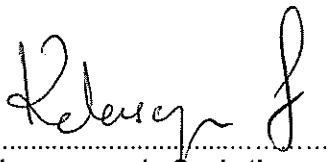
No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

6 AUDITORS

The auditors, Messrs. Rohan • Mah & Partners LLP, have expressed their willingness to accept re-appointment.

THE SOLE DIRECTOR



Kalasegaran s/o Genkatharan
Director

Singapore,
26 APR 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gati Asia Pacific Pte. Ltd. ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.21 to the financial statements with respect to the Company's ability to continue as a going concern. The Company incurred a net loss during the year ended 31 March 2017 and, as of that date, the Company's net current liabilities exceeded the current assets, and the accumulated losses exceeded the share capital, respectively as at 31 March 2017. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the Company's ability to operate as a going concern as set forth in Note 2.21 to the financial statements. In the event that the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

Going Concern Basis of Accounting

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company's financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement [set out on pages 1 to 2].

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GATI ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

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.

Rohan · Mah · Partners LLP

ROHAN • MAH & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore
26 April 2017
(RK/MA./SR//CS/ZY/ns)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 S$	2016 S$
ASSETS LESS LIABILITIES			
Non-Current Assets			
Plant and equipment	3	-	8,409
Investments in subsidiaries	4	-	-
		-	8,409
Current Assets			
Trade and other receivables	5	46,068	23,770
Cash and cash equivalents	8	1,251	4,316
		47,319	28,086
Current Liabilities			
Bank overdrawn	8	-	1,316
Trade and other payables	9	1,427,675	1,406,489
		1,427,675	1,407,805
Net Current Liabilities		(1,380,356)	(1,379,719)
Net Liabilities		(1,380,356)	(1,371,310)
Capital and reserve attributable to equity holders of the Company			
Share capital	10	7,267,176	7,267,176
Accumulated losses		(8,647,532)	(8,638,486)
		(1,380,356)	(1,371,310)

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 S$	2016 S$
Continuing operations			
Revenue	11	470,492	430,663
Cost of services		(442,126)	(401,482)
Gross profit		28,366	29,181
Other income	12	152,872	277,683
Administration expenses	13	(145,171)	(5,587,566)
Finance costs	15	(45,113)	(45,236)
Loss before taxation		(9,046)	(5,325,938)
Taxation	16	-	-
Loss from continuing operations		(9,046)	(5,325,938)
Loss for the year		(9,046)	(5,325,938)
Total comprehensive loss		(9,046)	(5,325,938)
Loss from operations attributable to:			
Equity holders of the Company		(9,046)	(5,325,938)
Total comprehensive loss attributable to:			
Equity holders of the Company		(9,046)	(5,325,938)

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

STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 31 MARCH 2017

	Share Capital S$	Accumulated Losses S$	Total S$
As at 1 April 2015	7,267,176	(3,312,548)	3,954,628
Total comprehensive loss for the year	-	(5,325,938)	(5,325,938)
As at 31 March 2016	7,267,176	(8,638,486)	(1,371,310)
Total comprehensive loss for the year	-	(9,046)	(9,046)
As at 31 March 2017	7,267,176	(8,647,532)	(1,380,356)

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

STATEMENT OF CASH FLOWS THE YEAR ENDED 31 MARCH 2017

	2017 S$	2016 S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,046)	(5,325,938)
Adjustments for:		
Depreciation of plant and equipment	8,409	7,625
Gain on disposal of plant and equipment	-	(13,000)
Interest expense	45,113	45,236
Impairment of subsidiaries	-	3,000,286
Operating profit/(loss) before working capital changes	44,476	(2,285,791)
Working capital changes, excluding changes related to cash:		
Trade and other receivables	10,702	41,803
Trade and other payables	(22,667)	(32,943)
Cash generated from/(used in) operations	32,511	(2,276,931)
Interest paid	(45,113)	(45,236)
Net cash used in operating activities	(12,602)	(2,322,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	-	(4,700)
Proceed from disposal of plant and equipment	-	13,000
Amounts due from related companies - non-trade	(33,000)	2,382,389
Net cash (used in)/generated from investing activities	(33,000)	2,390,689
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount due to ultimate holding company - non-trade	-	45,236
Amounts due to related companies - non-trade	43,853	(111,494)
Net cash generated from/(used in) financing activities	43,853	(66,258)
Net (decrease)/increase in cash and cash equivalents	(1,749)	2,264
Cash and cash equivalents at beginning of year	3,000	736
Cash and cash equivalents at end of year (Note 8)	1,251	3,000

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

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

1 CORPORATE INFORMATION

Gati Asia Pacific Pte. Ltd. is a limited liability company incorporated in Singapore with its registered office and principal place of business at 65, Ubi Road 1, #01-64, Oxley biz Hub, Singapore 408729.

The principal activities of the Company in the course of the financial year are those relating to providing freight forwarding, packing and crating services. The principal activities of its subsidiary companies are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The immediate and ultimate holding company is Gati Limited, incorporated in India. Related corporations in these financial statements refer to subsidiaries of the Company and those of the ultimate holding company.

The financial statements of the Company for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Director on 26 April 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, expressed in Singapore Dollar (SGD or S$) are prepared based on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, to be disclosed except as disclosed in Note 20.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies.

The Company has not applied any new standard or interpretation that has been issued but is not yet effective. The new standards that have been issued and not yet effective do not have any impact on the results of current or prior years or in the period of their initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.2 Basis of Consolidation

These financial statements are the separate financial statements of Gati Asia Pacific Pte Ltd The Company is exempted from the preparation of consolidated financial statements by virtue of FRS 27 "Consolidated and Separate Financial Statements" as the Company is a wholly-owned subsidiary of Gati Limited, incorporated in the India, which produces consolidated financial statements available for public use. The registered address of Gati Limited is as follows: Plot No. 20 Survey No. 12 Kothaguda, Kondapur, Hyderabad – 500 084 Telangana, India.

2.3 Investments in Subsidiaries

Investments in subsidiary is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiary, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of comprehensive income.

2.4 Plant and Equipment

2.4.1 Measurement

Items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2.4.2 Components of Costs

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

2.4.3 Depreciation

Depreciation is provided on the straight-line basis so as to write off the cost of plant and equipment over their estimated useful lives as follows:

	Years
Computers	3
Furniture and fixtures	3
Office equipment	3

The useful lives of plant and equipment are reviewed and adjusted as appropriate at each statement of financial position date.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.4 Plant and Equipment - cont'd

2.4.4 Subsequent Expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the statement of comprehensive income during the financial period in which it is incurred.

2.4.5 Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2.5 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 and associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

2.7 Impairment of Non-Financial Assets

2.7.1 Plant and equipment, Investments in subsidiaries

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 Financial Assets

2.8.1 Initial Recognition and Measurement

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

When financial assets are recognised initially, they are measured as fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2.8.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) 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 that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 Financial Assets - cont'd

2.8.2 Subsequent Measurement - cont'd

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debts securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 Financial Assets - cont'd

2.8.3 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 is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.9 Impairment of Financial Assets

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

2.9.1 Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial 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 value of the financial asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.9 Impairment of Financial Assets - cont'd

2.9.1 Financial Assets Carried at Amortised Cost - cont'd

To determine whether there is objective evidence that an impairment loss on financial assets has 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.

2.9.2 Financial Assets Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.9.3 Available-For-Sale Financial Assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include

(i) significant financial difficulty of the issuer or obligor,

(ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and

(iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.9 Impairment of Financial Assets - cont'd

2.9.3 Available-For-Sale Financial Assets - cont'd

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.10 Financial Liabilities

2.10.1 Initial Recognition and Measurement

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. 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.

2.10.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss. The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.10 Financial Liabilities - cont'd

2.10.2 Subsequent Measurement - cont'd

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

2.10.3 Derecognition

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

2.11 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issuance of new equity instruments for the acquisition of business are included in the cost of acquisition as part of the purchase consideration.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Provisions

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

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.12 Provisions - cont'd

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Leases

2.13.1 Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.14 Finance Costs

Interest expense and similar charges are expensed in the statement of comprehensive income account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

2.15 Revenue Recognition

Revenue for the Company comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts.

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

2.15.1 Rendering of Service

Revenue from rendering of services and commission is recognised when the services are rendered and based on service fees from contractual agreement.

2.15.2 Interest Income

Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.16 Income Taxes

Current income tax liabilities (and assets) for the current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax assets/liabilities are recognised for all deductible taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date; and

(ii) the tax consequence that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the statement of comprehensive income for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.17 Foreign Currencies

2.17.1 Functional and Presentation Currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The statement of financial position of the Company and financial statements are presented in Singapore Dollars, which is the functional and presentation currency of the Company and the presentation currency of the financial statements.

2.17.2 Foreign Currencies Transactions

Foreign currency transactions during the period are translated into recording currencies at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at the exchange rates ruling at the statement of financial position date. Exchange gains and losses are dealt with in the statement of comprehensive income.

2.18 Employee Benefits

2.18.1 Defined Contribution Pension Costs

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to defined contribution plans are recognised in the financial period/year to which they relate.

2.18.2 Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to statement of financial position date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.19 Government Grants

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

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

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

Jobs credit grants, which are government grants given to match staff and business costs, are recognised in the month of payment only as certain conditions have to be fulfilled before payment.

2.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

2.21 Going Concern

The Company incurred a net loss of S$9,046 (2016: S$5,325,938) during the year ended 31 March 2017 and as of that date, the Company's net current liabilities exceeded the current assets and the accumulated losses exceeded the share capital by S$1,380,356 (2016: S$1,379,719) and S$1,380,356 (2016: S$1,371,310) respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability as a going concern. The ability of the Company to continue as a going concern depends on the related party undertaking to provide continued financial support and not to recall amounts due to them until all creditors have been paid. The financial statements have been prepared on the basis that the Company is going concern as the ultimate holding company has given written confirmation of its continuing financial support for the Company.

If the financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of the business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Company may have to provide further liabilities which may arise, and to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3 PLANT AND EQUIPMENT

2017	Computers S$	Furniture and fixtures S$	Office equipment S$	Total S$
Cost				
At beginning and end of year	-	6,700	15,000	21,700
Accumulated Depreciation				
At beginning of year	-	3,291	10,000	13,291
Depreciation	-	3,409	5,000	8,409
At end of year	-	6,700	15,000	21,700
Carrying Amount				
At end of year	-	-	-	-
2016				
Cost				
At beginning of year	25,860	3,516	40,661	70,037
Addition	-	4,700	-	4,700
Disposals	(25,860)	(1,516)	(25,661)	(53,037)
At end of year	-	6,700	15,000	21,700
Accumulated Depreciation				
At beginning of year	25,860	2,182	30,661	58,703
Depreciation	-	2,625	5,000	7,625
Disposals	(25,860)	(1,516)	(25,661)	(53,037)
At end of year	-	3,291	10,000	13,291
Carrying Amount				
At end of year	-	3,409	5,000	8,409

4 INVESTMENTS IN SUBSIDIARIES

	2017 S$	2016 S$
Unquoted equity shares, at cost	3,167,797	3,167,797
Less: Provision for impairment		
At beginning of year	3,167,797	167,511
Impairment during the year	-	3,000,286
At end of year	(3,167,797)	(3,167,797)
	-	-

Details of the subsidiaries are as follows:

Name of companies	Principal activities	Place of incorporation and business	Effective equity held by the Group 2017 %	2016 %
Held by the Company				
Gati Hong Kong Limited Φ	Freight and logistic services	Hong Kong	100	100
Gati (Thailand) Limited ^	Freight forwarding services	Thailand	100	100
Gati Cargo Express (Shanghai) Co. Ltd +	International shipping agency business for import and export cargo	China	100	100

Φ Audited by H K WAN CPA & CO, Hong Kong
^ Audited by Thanamitr Consulting Company Limited, Bangkok, Thailand
\+ Audited by Shanghai Chenghui Certified Public Accountants Co., Ltd, Shanghai, China

5 TRADE AND OTHER RECEIVABLES

	2017 S$	2016 S$
Trade receivables (Note 6)	12,214	22,961
Other receivables (Note 7)	33,854	809
	46,068	23,770

The carrying amounts of trade and other receivables approximate their fair values and are denominated in Singapore Dollar.

6 TRADE RECEIVABLES

	2017 S$	2016 S$
Trade receivables	4,864	8,629
Amount due from ultimate holding company - trade	18,590	25,327
Amount due from related companies - trade	-	245
	23,454	34,201
Less: Allowance for impairment		
At beginning of year	11,240	11,827
Allowance written off	-	(587)
At end of year	(11,240)	(11,240)
	12,214	22,961

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables for the Company at the reporting date is S$12,214 (2016: S$22,961) respectively.

The Company does not have concentration of credit risk in respect of a customer or a group of customers. The aging of trade receivables at the reporting date is:

	Gross 2017 S$	Impairment losses 2017 S$	Gross 2016 S$	Impairment losses 2016 S$
Not past due	-	-	10,392	-
Past due 1- 30 days	8,401	-	1,147	-
Past due 31 - 60 days	2,254	-	-	-
More than 61 days	12,799	11,240	22,662	11,240
	23,454	11,240	34,201	11,240

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due and past due up to 60 days. These receivables are mainly arising by customers that have good record with the Company.

7 OTHER RECEIVABLES

	2017 S$	2016 S$
Amounts due from related companies - non-trade	2,408,791	2,386,791
Less: Allowance for impairment		
At beginning of year	2,386,791	-
Allowance during the year	-	2,386,791
Allowance written off	(11,000)	-
At end of year	(2,375,791)	(2,386,791)
	33,000	-
Other receivables	854	809
	33,854	809

Amounts due from related companies are unsecured, non-interest bearing and repayable on demand.

8 CASH AND CASH EQUIVALENTS

	2017 S$	2016 S$
Cash on hand	65	174
Cash at bank	1,186	4,142
Less: Bank overdrawn	-	(1,316)
	1,251	3,000

Bank overdrawn is due to unpresented cheques.

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies.

	2017 S$	2016 S$
Singapore Dollar	1,198	(1,316)
United States Dollar	53	4,316
	1,251	3,000

9 TRADE AND OTHER PAYABLES

	2017 S$	2016 S$
Trade payables	35,155	58,158
Amount due to ultimate holding company - trade	786,875	786,874
Amount due to ultimate holding company - non-trade	163,818	118,705
Amounts due to related companies - non-trade	421,898	423,158
Accrued operating expenses	8,381	7,350
Other payables	11,548	12,244
	1,427,675	1,406,489

These amounts are unsecured, non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of six months.

Amounts due to related companies are unsecured, repayable on demand and bears an interest rate of 11.25% (2016: 11.25%).

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2017 S$	2016 S$
Indian Rupee	950,693	905,579
Singapore Dollar	475,167	77,752
United States Dollar	1,815	423,158
	1,427,675	1,406,989

10 SHARE CAPITAL

	2017		2016	
	No. of shares	S$	No. of shares	S$
Ordinary shares issued and fully paid:				
At beginning and end of year	7,267,176	7,267,176	7,267,176	7,267,176

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 and have no par value.

11 REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2017 S$	2016 S$
Freight income	470,492	430,663

12 OTHER INCOME

	2017 S$	2016 S$
Advance payment written off	17,872	133,652
Regional fees charge to subsidiaries	114,000	129,000
Regional fees written back	21,000	-
Interest income	-	2,031
Gain on sale of plant and equipment	-	13,000
	152,872	277,683

13 ADMINISTRATION EXPENSES

Administration expenses include:

	2017 S$	2016 S$
Repair and maintenance	594	1,896
Staff costs (Note 15)	88,702	115,214
Telephone charges	7,692	8,289

14 STAFF COSTS

	2017 S$	2016 S$
Salaries, bonus and other related costs	77,016	96,035
Defined contribution pension costs	11,686	19,179
	88,702	115,214

15 FINANCE COSTS

	2017 S$	2016 S$
Interest expense	45,113	45,236

16 TAXATION

Major components of income tax expense are as follows:

	2017 S$	2016 S$
Based on results for the year:		
Current year taxation	-	-

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

	2017 S$	2016 S$
Loss before taxation	(9,046)	(5,325,938)
Income tax using the Singapore tax rate of 17%	(1,538)	(905,409)
Non-deductible expenses	1,430	519,035
Non-taxable income	-	(2,210)
Unutilised capital allowances	(4,829)	-
Unutilised tax losses	4,937	388,584
Income tax expense	-	-

Unrecognised deferred tax assets:

Deferred tax assets in respect of the following items have not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established:

	2017 S$	2016 S$
Differences in tax written down value and net book value of plant and equipment	-	15,123
Unutilised capital allowances	-	28,406
Unutilised tax losses	1,757,743	1,728,700
	1,757,743	1,772,230

The Company's unutilised capital allowances and tax losses are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act, Cap.134.

17 OPERATING LEASE COMMITMENTS

Rental expenses are principally for office, warehouse and staff accommodation. The leases have varying terms and renewal rights and their lease terms is 1 year.

Future minimum rental under non-cancellable leases contracted for at statement of financial position date but not recognised as liabilities are as follow as at 31 March:

	2017	2016
Payable	**S$**	**S$**
Within 1 year	6,300	6,300
After 1 year but within 5 years	-	-
	6,300	6,300
Lease charges		
Rental	16,893	15,780

18 SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related parties transactions on terms agreed between the Company and its related parties are as follows:

	2017	2016
	S$	**S$**
Ultimate holding company		
Sales to	(66,469)	(39,772)
Purchases from	267	-
Related companies		
Sales to	(1,924)	(245)
Purchases from	6,790	317
Regional fees charged to	(114,000)	(129,000)

Balances with related parties at the statement of financial position date are set out in Note 6, 7 and 9.

Key management personnel compensation for the financial year is as follows:

	2017	2016
	S$	**S$**
Director of the company:		
Fees	4,800	4,800
Key management personnel company:		
Salaries	60,600	70,800
Defined contribution pension costs	9,257	9,541

Key management personnel are direct reporting senior officers including directors.

19 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	2017 S$	2016 S$
Financial assets		
Loans and receivables:		
Trade and other receivables	46,068	23,770
Cash and cash equivalents	1,251	3,000
	47,319	26,770
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	1,427,675	1,406,489

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit, interest rate, foreign exchange and liquidity risks. The policies of managing each of these risks are summarised below:

Credit Risk

Credit risk refers to the risk that counter parties may default on their contractual obligations resulting in a financial loss to the Company. The Company's customer portfolio is diversified and there is no reliance on any customer. The Company monitors its credit collection regularly as a means of managing credit risk. The aggregate amount of its trade and other receivables and bank balance represents the Company maximum exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of the Company's customers to make payments when due. The amounts presented in the statement of financial position are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

Information regarding financial assets that are either past due or impaired is disclosed in Note 6 (Trade Receivable).

19 **FINANCIAL INSTRUMENTS** - cont'd

Financial Risk Management Objectives and Policies - cont'd

Foreign Currency Risk - cont'd

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Company in the current reporting period and in the future years. The Company relies on natural hedges of matching foreign currency denominated assets and liabilities. Consistent effort has also been employed by the company to keep track of exchange rate fluctuations such that funds are converted at favourable exchange rates.

The Company's exposures to major foreign currencies are as follows:

	INR S$	USD S$
2017		
Cash and cash equivalents	-	53
Trade and other payables	(950,693)	(1,815)
	(950,693)	(1,762)
2016		
Cash and cash equivalents	-	4,316
Trade and other payables	(905,579)	(423,158)
	(905,579)	(418,842)

Sensitivity analysis

A 5% strengthening of Singapore Dollar against the following currencies at the reporting date would increase/(decrease) profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Statement of Comprehensive income S$
2017	
Indian Rupee	47,535
United States Dollar	88
	47,623
2016	
Indian Rupee	45,279
United States Dollar	20,942
	66,221

A 5% weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

19 **FINANCIAL INSTRUMENTS** - cont'd

Financial Risk Management Objectives and Policies - cont'd

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The tables below set out the Company's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable Rates	Fixed Rates			
	Less than 1 year	Less than 1 year	2 to 5 years	More than 5 years	Total
2017	S$	S$	S$	S$	S$
Liabilities					
Amounts due to related companies - non-trade	-	421,898	-	-	421,898
2016					
Liabilities					
Amount due to related companies - non-trade	-	423,158	-	-	423,158

Sensitivity analysis

An increase or decrease in 100 basis point ("bp") (1%) in interest rate at the reporting date would have no significant effect on equity and profit or loss (before tax). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

19 FINANCIAL INSTRUMENTS - cont'd

Financial Risk Management Objectives and Policies - cont'd

Liquidity Risk - cont'd

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

2017	Within 1 year S$	Within 2 to 5 years S$	More than 5 years S$	Total S$
Financial Assets				
Trade and other receivables	46,068	-	-	46,068
Cash and cash equivalents	1,251	-	-	1,251
Total undiscounted financial assets	47,319	-	-	47,319
Financial liabilities				
Trade and other payables	1,427,675	-	-	1,427,675
Total undiscounted financial liabilities	1,427,675	-	-	1,427,675
Total net undiscounted financial liabilities	(1,380,356)	-	-	(1,380,356)
2016				
Financial Assets				
Other receivables	23,770	-	-	23,770
Cash and cash equivalents	3,000	-	-	3,000
Total undiscounted financial assets	26,770	-	-	26,770
Financial liabilities				
Other payables	1,406,489	-	-	1,406,489
Total undiscounted financial liabilities	1,406,489	-	-	1,406,489
Total net undiscounted financial liabilities	(1,379,719)	-	-	(1,379,719)

19 FINANCIAL INSTRUMENTS - cont'd

Fair Value of Financial Instruments

As at the end of the financial year, the Company has no financial assets or financial liabilities that are carried at fair value measurements.

The carrying amounts of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values due to their short term nature.

20 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for Doubtful Debts

Allowance for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The indication of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is difference from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimates has been changed.

Impairment of Investment in Subsidiaries

The Company assesses impairment on the above mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the recoverable amount.

Recoverable amount is defined as the higher of an asset's fair value less cost to sell and value in use. In making this judgement, the Company evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Company's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

20 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - cont'd

Estimated Useful Life for Plant and Equipment

Estimated useful life for plant and equipment is based on the Company's assessment of the expected usage of the asset and expect wear and tear of the asset. The depreciation is charged against fixed assets to show utilisation of the assets. The estimation of depreciation and useful life requires use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of plant and equipment and depreciation expenses in the period in which such estimate has been changed.

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant, and equipment to be within 3 years. The carrying amount of the Company's property, plant and equipment as at 31 March 2017 is S$NIL (2016: S$8,409). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised.

Income Tax Provision

The Company has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. 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 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 period in which such determination is made.

Fair Value Estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Company are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used where appropriate. Other techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The fair values of non-current receivables for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company for similar financial instruments.

21 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximise shareholder's value.

The Company manages its capital structure and make adjustments to it, in light of changes in the working capital requirements, business performance and economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2017 and 31 March 2016.

The Company will continue to be guided by prudent financial policies of which gearing is an important aspects. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2017 S$	2016 S$
Net debts	1,426,424	1,403,489
Total equity	(1,380,356)	(1,371,310)
Total capital	46,068	32,179
Gearing ratio	30.96	43.62

The Company does not have any externally imposed capital requirements for the financial year ended 31 March 2017 and 31 March 2016.

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

		2017 S$
Revenue		470,492
Cost of services		(442,126)
Gross profit		28,366
Other income		
Advance payment written off		17,872
Regional fees charge to subsidiaries		114,000
Regional fees written back		21,000
		152,872
Less:		
Administration expenses	*(Schedule of operating expenditure)*	145,171
Finance cost	*(Schedule of operating expenditure)*	45,113
		190,284
Loss before taxation		(9,046)

This schedule does not form part of the statutory audited financial statements

GATI ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)

SCHEDULE OF OPERATING EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2017

	2017 S$
Administration expenses	
Audit fee	6,950
Bank charges	2,054
Conveyance	1,316
CPF contributions and FWL	11,686
Customer meet expense	231
Depreciation	8,409
Director's fees	4,800
Exchange rate difference	14
General expenses	534
Postage and courier	2,378
Printing and stationery	80
Professional fees	2,416
Repair and maintenance	594
Rental	16,893
Salaries	77,016
Staff allowances	535
Subscription	430
Skill development levy	373
Telephone charges	7,692
Travelling expenses	770
	145,171
Finance expenses	
Interest expense	45,113
Total operating expenditure	190,284

This schedule does not form part of the statutory audited financial statements