

Company Registration No. 200808802R

IIFL Capital Pte. Ltd.

Annual Financial Statements
31 March 2018



IIFL Capital Pte. Ltd.

General information

Directors

Amit Nitin Shah
Amit Garg

Company Secretary

Lee Tiong Hock

Registered Office

6 Shenton Way
#12-11/11A, OUE Downtown 2
Singapore 068809

Auditor

Ernst & Young LLP

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IIFL Capital Pte. Ltd.

Directors' statement

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 2018.

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 2018 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
Ordinary shares of a related company (IIFL Wealth Management Limited)		
Amit Nitin Shah	1,818,421	2,718,421
Options to subscribe for ordinary shares of a related company (IIFL Wealth Management Limited)		
Amit Nitin Shah	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 re-appointment as auditor.


Amit Nitin Shah
Director


Amit Garg
Director

Singapore
30 April 2018

IIFL Capital Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2018**

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

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 2018, 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 2018 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.

IIFL Capital Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2018**

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

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 2018**

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

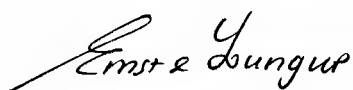
Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 April 2018

IIFL Capital Pte. Ltd.**Statement of comprehensive income
For the financial year ended 31 March 2018**

	Note	2018 S\$	2017 S\$
Revenues			
Management and custody fees	3	4,810,949	3,615,233
Performance fees	3	324,289	176,160
Upfront and setup fees		512,275	1,108,169
Other income		4,752	3,053
		<hr/>	<hr/>
		5,652,265	4,902,615
		<hr/>	<hr/>
Expenses			
Employees' compensation and related costs	4	2,855,212	2,346,328
Office rental expenses		161,043	88,876
Depreciation	7	46,211	974
Net foreign exchange loss		189,504	10,541
Fair value loss/(gain) on investment securities	8	274,160	(280,858)
Other operating expenses	5	1,813,941	1,851,428
		<hr/>	<hr/>
		5,340,071	4,017,289
		<hr/>	<hr/>
Profit before taxation		312,194	885,326
Taxation	6	(79,698)	(68,580)
		<hr/>	<hr/>
Profit for the year		232,496	816,746
Other comprehensive income		–	–
		<hr/>	<hr/>
Total comprehensive income for the year		232,496	816,746
		<hr/>	<hr/>

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 2018**

	Note	2018 S\$	2017 S\$
Non-current asset			
Property, plant and equipment	7	187,879	2,509
Current assets			
Investment in securities	8	48,507	3,238,758
Trade and other receivables	9	1,268,316	2,172,421
Prepayments		97,240	49,543
Cash and cash equivalents	10	4,386,185	162,075
		<u>5,800,248</u>	<u>5,622,797</u>
Current liabilities			
Amounts due to a related company	11	169,591	79,945
Accrued expenses and other payables	12	744,284	783,303
Provision for taxation		148,278	68,580
		<u>1,062,153</u>	<u>931,828</u>
Net current assets		<u>4,738,095</u>	<u>4,690,969</u>
Net assets		<u>4,925,974</u>	<u>4,693,478</u>
Equity			
Share capital	13	5,300,000	5,300,000
Accumulated losses		(374,026)	(606,522)
Total equity		<u>4,925,974</u>	<u>4,693,478</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 2018**

	Share capital S\$	Accumulated losses S\$	Total equity S\$
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 and at 1 April 2017	5,300,000	(606,522)	4,693,478
Total comprehensive income for the year	–	232,496	232,496
At 31 March 2018	5,300,000	(374,026)	4,925,974

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 2018**

	2018	2017
	S\$	S\$
Cash flows from operating activities		
Profit before taxation	312,194	885,326
Adjustments for:		
Depreciation	46,211	974
Fair value loss/(gain) on investment securities	274,160	(280,858)
Operating cash flows before changes in working capital	632,565	605,442
Decrease/(increase) in trade and other receivables	904,105	(707,675)
Increase in prepayments	(47,697)	(32,557)
Increase/(decrease) in amounts due to a related company	89,646	(159,216)
(Decrease)/increase in accrued expenses	(39,019)	165,330
Net cash flows generated from/(used in) operating activities	1,539,600	(128,676)
Cash flows from investing activities		
Purchase of property, plant and equipment	(231,582)	–
Purchase of investment securities	(48,507)	(2,957,900)
Proceeds from disposal of investment securities	2,964,599	–
Net cash flows generated from/(used in) investing activities	2,684,510	(2,957,900)
Net change in cash and cash equivalents	4,224,110	(3,086,576)
Cash and cash equivalents at beginning of year	162,075	3,248,651
Cash and cash equivalents at end of year	4,386,185	162,075

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

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, #12-11/11A, 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 “S\$”).

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 2017. 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:

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

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

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 115 and FRS 116, the Company expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the following standard is described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company has performed a preliminary impact assessment and expects the adoption of FRS 115 to have no material impact on the financial statements in the period of initial application.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 April 2019.

The Company has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities.

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 judgment 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\$79,698 (2017: S\$68,580)

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
Leasehold improvement	-	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.

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. Summary of significant accounting policies (cont'd)

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.

(a) *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.

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.

(b) *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 and performance fees

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

4. Employees' compensation and related costs

	2018	2017
	S\$	S\$
Salaries and bonuses	2,745,969	2,260,116
CPF contributions	64,930	61,299
Other short-term benefits	44,313	24,913
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	2,855,212	2,346,328
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Notes to the financial statements
For the financial year ended 31 March 2018

5. Other operating expenses

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

	2018	2017
	S\$	S\$
Referral fees	698,950	597,215
Advisory fees	367,136	402,005
Fund management expenses	262,336	483,504
Professional fees	117,500	73,115
Travelling expenses	115,636	37,822
Office expenses	98,861	80,461
Manpower outsourcing fees	60,000	60,000
Others	71,901	73,356
Statutory charges	21,565	18,328
Communication expenses	56	25,622
	<hr/>	<hr/>
	1,813,941	1,851,428
	<hr/> <hr/>	<hr/> <hr/>

6. Taxation

Major components of income tax expense

	2018	2017
	S\$	S\$
Current income tax:		
- Current income taxation	127,488	68,580
- Overprovision in respect of prior year	(47,790)	-
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	79,698	68,580
	<hr/> <hr/>	<hr/> <hr/>

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:

	2018	2017
	S\$	S\$
Profit before taxation	312,194	885,326
	<hr/>	<hr/>
Tax at statutory tax rate of 17% (2017: 17%)	53,073	150,505
Adjustments:		
Non-deductible expenses	79,150	1,606
Overprovision in respect of previous year	(47,790)	-
Non-taxable Income	-	(47,313)
Effect of tax relief and rebate	(25,925)	(857)
Deferred tax assets not recognised	7,856	-
Benefits from previously unrecognised deferred tax assets	-	(18,580)
Benefits from previously unrecognised tax losses	-	(16,781)
Others	13,334	-
	<hr/>	<hr/>
Income tax recognised in profit or loss	79,698	68,580
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IIFL Capital Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2018

7. Property, plant and equipment

	Computers S\$	Furniture and fittings S\$	Office equipment S\$	Leasehold improvement S\$	Total S\$
Cost					
At 1 April 2016	44,221	25,390	17,324	–	86,935
Additions	–	–	–	–	–
At 31 March 2017 and at 1 April 2017	44,221	25,390	17,324	–	86,935
Additions	25,440	230	7,290	198,621	231,582
At 31 March 2018	69,661	25,620	24,614	198,621	318,517
Accumulated depreciation					
At 1 April 2016	43,561	22,567	17,324	–	83,452
Depreciation charge	283	691	–	–	974
At 31 March 2017 and at 1 April 2017	43,844	23,258	17,324	–	84,426
Depreciation charge	7,937	737	1,078	36,459	46,211
At 31 March 2018	51,781	23,995	18,402	36,459	130,637
Net carrying amount					
At 31 March 2017	377	2,132	–	–	2,509
At 31 March 2018	17,880	1,625	6,212	162,162	187,879

Notes to the financial statements
For the financial year ended 31 March 2018

8. Investment in securities, at fair value

	2018 S\$	2017 S\$
Held for trading investments:		
Cost of investment	48,507	2,957,900
Net fair value gain on investment securities	–	280,858
	48,507	3,238,758
	48,507	3,238,758

During the year, the Company has fully disposed its investment in Global Dynamic Opportunities Fund Ltd. (“GDOF”), a fund managed by a related party.

As at 31 March 2018, the Company holds 300 fully paid-up shares of no par value in IIFL Fund.

9. Trade and other receivables

	2018 S\$	2017 S\$
Trade receivables	1,122,811	1,996,832
Refundable deposit	80,323	78,973
Advances to supplier	65,182	92,741
Other	–	699
Staff loan	–	3,176
	1,268,316	2,172,421
	1,268,316	2,172,421

Trade receivables comprise management and performance fees receivable.

Trade receivables are non-interest bearing and are generally on 90 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 are denominated in the following currencies:

	2018 S\$	2017 S\$
Singapore dollars	102,276	21,560
United States dollars	4,283,909	140,515
	4,386,185	162,075
	4,386,185	162,075

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

IIFL Capital Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2018**

11. Amounts due to a related company

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

12. Accrued expenses and other payables

	2018	2017
	S\$	S\$
Accrued expenses	99,074	174,703
Other payables	281,510	133,600
Provision for bonus	363,700	475,000
	<hr/>	<hr/>
	744,284	783,303
	<hr/>	<hr/>

13. Share capital

	2018		2017	
	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
	<hr/>		<hr/>	

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.

Notes to the financial statements
For the financial year ended 31 March 2018

14. 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

	2018	2017
	S\$	S\$
Fees from Global Dynamic Opportunity Fund (“GDOF”):		
- Management fees	3,531,250	2,926,329
- Performance fees	324,289	176,160
- Upfront fees	459,100	1,009,623
- Set up fees	53,175	98,546
	<hr/>	<hr/>
Fees from IIFL Opportunity Fund 3 (“IOF3”):		
- Management fees	21,709	18,552
	<hr/>	<hr/>
Fees from IIFL Global Wealth Fund Ltd. (“IGWF”):		
- Management fees	6,224	–
	<hr/>	<hr/>

(b) Expenses

	2018	2017
	S\$	S\$
Referral fees paid to a related company:		
- IIFL Securities Pte. Ltd.	698,950	555,085
Fund management expenses paid on behalf of an affiliated fund	262,336	483,504
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 2018

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

	2018 S\$	2017 S\$
Salaries and bonuses	867,893	762,351
CPF contributions	15,096	15,640
Amounts paid to directors of the Company	<u>882,989</u>	<u>777,991</u>

(d) Amounts due to a related company

	2018 S\$	2017 S\$
IIFL Securities Pte. Ltd.	169,591	79,945

(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.

	Net asset value of the Funds under management as of 31 March 2018 S\$	Management fees S\$	Performance fees S\$	Upfront fees S\$	Set up Fees S\$
Affiliated funds					
- GDOF	625,719,415	3,531,250	324,289	459,100	53,175
- IOF3	-	21,709	-	-	-
- IGWF	28,856,961	6,224	-	-	-
Third party	320,093,705	1,251,766	-	-	-
	<u>974,670,081</u>	<u>4,810,949</u>	<u>324,289</u>	<u>459,100</u>	<u>53,175</u>

14. 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 2017 S\$	Management fees S\$	Performance fees S\$	Upfront Fees S\$	Set Up Fees 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	–	–	–
	<u>913,881,301</u>	<u>3,615,233</u>	<u>176,160</u>	<u>1,009,623</u>	<u>98,546</u>

15. Financial assets and liabilities by categories

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

	2018 S\$	2017 S\$
Financial assets		
Trade and other receivables	1,268,316	2,172,421
Cash and cash equivalents	4,386,185	162,075
Total financial assets	<u>5,654,501</u>	<u>2,334,496</u>
Financial liabilities		
Amounts due to a related company	169,591	79,945
Accrued expenses and other payables	380,584	308,303
Total financial liabilities	<u>550,175</u>	<u>388,248</u>

16. 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 directors review 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 2018, the Company's cash and cash equivalents, investment in securities, trade and other receivables and accrued expenses are exposed to approximately S\$5,257,681 (2017: S\$5,270,431) 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:

	2018	2017
	S\$	S\$
USD - Strengthened by 5% (2017: 5%)	262,884	263,522
USD - Weakened by 5% (2017: 5%)	(262,884)	(263,522)

16. 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.

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.

17. 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 Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

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 2018

17. 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.

31 March 2018	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Investment in securities	–	48,507	–	48,507
	–	48,507	–	48,507
31 March 2017	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
Investment in securities	–	3,238,758	–	3,238,758
	–	3,238,758	–	3,238,758

18. Commitments

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

	2018 S\$	2017 S\$
Within one year	338,004	276,405
Later than one year but not later than five years	380,255	671,270
	718,259	947,675

19. 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 2018.

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.

20. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 30 April 2018.