



28 August 2015

Mortice Limited
("Mortice" or the "Group")

Final Results for the Year-ended 31 March 2015

Mortice Limited (AIM: MORT), the AIM listed security and facilities management company, announces its audited results for the financial year ended 31 March 2015.

Financial results highlights:

- Revenues grew by 19% to \$88.4million (FY 2014: \$74.4m)
 - Security services revenue increased 20% to \$63.6m (FY 2014: \$52.9m)
 - Accounting for 72% of group revenues
 - Facilities Management services revenue grew 16% to \$24.4m (FY 2014: \$21.0m).
 - Key client win with online retailer Amazon
- EBITDA \$4.13 (FY 2014 \$3.45m)
- Profit before taxation up 22% to \$2.2m (FY 2014: \$1.8m)

Operational highlights:

- 25 new clients added during the period including Welcome Group of Hotels, ABN AMRO Bank and Amazon
- 73 additional staff employed
- More than 90% of income came from repeat business
- Cash generated from operations increased significantly due to aggressive working capital management
- Proactive security surveillance company, Soteria, went operational with the support of IBM in July 2014
- Developed international presence via joint venture agreement with Tanami Holding Co., a leading Saudi Arabian multinational with a view to increasing the Group's presence in the Middle East
- Launched operations in Sri Lanka through Tenon Property Services (Lanka) Private Limited

Post-period end highlights:

- Proposed acquisition of the entire issued share capital of UK based property service company Office & General Limited for a total consideration of up to £6.5m in cash and shares

Major Manjit Rajain, Executive Chairman of Mortice Limited, said:

"High levels of repeat business ensure that visibility remains strong while a growing pipeline of potential new business is encouraging as far as future scalability is concerned. We felt it key to invest in our sales and marketing function and look forward to benefiting from a strengthened presence both in India and internationally.

Given market fundamentals and our performance to date we are confident that investment made during the period will benefit trading during the current year. Our business performance is progressing very well, aided by our robust business pipeline."

Enquiries:

Mortice Limited
Manjit Rajain, Executive Chairman

www.morticegroup.com
Tel: +91 981 800 0011

Allenby Capital Limited
AIM Nominated Adviser and Broker

Nick Naylor/David Hart/Alex Brearley

Tel: 020 3328 5656

Walbrook PR

Paul McManus

Sam Allen

Tel: 020 7933 8780 or mortice@walbrookpr.com

Mob: 07980 541 893

Mob: 07884 664 686

Chairman's Statement

Overview

This was a productive period for the Group with sales and profits growing at the same time as increased investment in the business. Investment focused on laying the foundations for increased organic growth which, as previously stated, will be complemented by an acquisitive strategy with a view to expanding geographic reach. Importantly, more than 90% of our income came from repeat business with the rest coming from new customer wins during the period. Cash generated from operations increased significantly due to aggressive working capital management.

The backdrop in India is improving, with the new government in place and projected GDP growth being favourable. While there is business optimism, we are aware that more needs to be done. That said, the wider environment provides scope for us to build on the momentum achieved during the period. As such we invested in capacity building and making the business scalable given the improving sentiment in India with the government's strong focus on infrastructure offsetting the continued malaise in real estate.

In order to maximize potential benefits, we invested in our sales and marketing function, hiring an additional 73 staff, ensuring that we remain highly competitive. In addition, due to competitive pressures, the Company focused on achieving increased efficiency through further automation and improved processes. While this impacted cash consumption during the period, it leaves us well placed to grow all key metrics in the year ahead.

Results

Revenues grew by 19% to \$88.4m (FY 2014: \$74.4m) during the period with profits up 22% to \$2.2m (FY 2014: \$1.8m). We added 25 new clients during the period and continued to benefit from high levels of repeat business. While the decision to invest in staff and infrastructure impacted cash balances, which were \$539,204 as at 31 March 2015, compared to \$1,064,942 as at 31 March 2014, we do not anticipate similar levels of investments during the current financial year.

Our guarding services division, Peregrine Guarding, remained the key driver for growth, with sales increasing 20% to \$63.6m (FY 2014: \$52.9m), accounting for 72% of group revenues. Key Peregrine clients include two major telecom companies, two major ITES businesses, one leading financial institution, one BPO company, two power companies and two hospitality companies.

Sales from Tenon, our facilities management business, grew 16% to \$24.3m (FY 2014 \$21.0m). A number of contracts were signed during the period including key wins with online retailer Amazon for the provision of services in Ahmadabad, Hyderabad and Ludhiana and with Subhash Projects and Marketing Limited (SPML), a leading infrastructure development company with operations all over India.

With a view to building on an increasing number of opportunities, Tenon launched proactive security surveillance company Soteria with the support of IBM in July 2014. Based in Gurgaon, India, Soteria has the capability of providing its clients in India and around the world with an active surveillance service capable of stopping or preventing unwanted events rather than simply monitoring them passively. A number of banks have visited the centre and it is expected that this division will be cash positive during the current financial year.

Meanwhile, Tenon's mechanical and engineering services subsidiary, Rotopower, continued to perform in line with expectations.

The key to the period was setting the stall to take advantage of the improved economic outlook in India while also exploring avenues for geographic growth. As such, we grew our potential reach within in India with Peregrine Guarding signing a memorandum of understanding with the Government of Meghalaya State in North Eastern India for the training of candidates into the security and guarding industry.

Furthermore, we continued to develop our international presence, signing a joint venture agreement

with Tanami Holding Co ("Tanami"), a leading Saudi Arabian multinational with a view to increasing the Group's presence in the Middle East. This is expected to commence operations in the current financial year. We also launched operations in Sri Lanka through its subsidiary Tenon Property Services (Lanka) Private Limited ("Tenon Lanka").

Outlook

High levels of repeat business ensure that visibility remains strong while a growing pipeline of potential new business is encouraging as far as future scalability is concerned. We felt it key to invest in our sales and marketing function and look forward to benefiting from a strengthened presence both in India and internationally. We will also benefit from the implementation of our new enterprise resource planning system, during the current financial year which will bring cost as well as operational efficiency.

Geographic growth will be aided by the proposed acquisition of the entire issued share capital of UK based property service company Office & General Group Limited ("O&G Group") for a total consideration of up to £6.5m in cash and shares as announced at the beginning of this month. This is expected to be completed in early September and is in line with our stated strategy of growing our geographical footprint and the business through targeted acquisitions, as well as organically.

We also remain focused on expanding our facilities management business base fairly quickly and continue to approach large institutional clients who are open to completion. In order to win this type of business, the Company needs to use a more aggressive pricing strategy which creates pressure on margin in this area of the business. As a result, whilst this type of businesses continues to be profitable, it is less profitable compared to relatively smaller projects. Once the Company reaches its desired level we will adjust our pricing strategy to achieve a higher level of profit.

Given market fundamentals and our performance to date we are confident that investment made during the period will benefit trading during the current year. Our business performance is progressing very well, aided by our robust business pipeline.

Manjit Rajain
Chairman

28 August 2015

Extracts from the audited financial statements are provided, below, and the full version of the audited financial statements is available on the Company's website: www.morticegroup.com. The Annual Report for the year-ended 31 March 2015 will be posted to shareholders in due course.

Statements of financial position

as at 31 March 2015

	Note	2015 US\$	2014 US\$
ASSETS			
Non-Current Assets			
Goodwill	3	811,079	844,697
Other intangible assets	4	266,710	51,937
Property, plant and equipment	5	2,014,050	1,589,927
Long-term financial assets	6	1,066,390	1,968,247
Deferred tax assets	7	1,901,826	1,532,578
Other non current assets	8	212,508	179,644
		6,272,563	6,167,030
Current Assets			
Inventories	9	195,526	153,034
Trade and other receivables	10	24,127,503	21,585,360
Current tax assets		2,156,476	1,677,934
Cash and cash equivalents	11	539,204	1,064,942
		27,018,709	24,481,270
Total assets		33,291,272	30,648,300
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	12	9,555,312	9,555,312
Reserves	13	963,209	(12,138)
Equity attributable to owner of parent		10,518,521	9,543,174
Non-controlling interests		29,121	22,927
Total equity		10,547,642	9,566,101
Non-current Liabilities			
Employee benefit obligations	14	1,381,446	943,786
Borrowings	15	364,179	405,850
		1,745,625	1,349,636
Current Liabilities			
Trade and other payables	16	13,901,054	11,622,808
Borrowings	15	7,096,951	8,109,755
		20,998,005	19,732,563
Total liabilities		22,743,630	21,082,199
Total equity and liabilities		33,291,272	30,648,300

Consolidated statement of profit or loss and other comprehensive income
for the financial year ended 31 March 2015

	Note	US\$	US\$
Income			
Service revenue	23	88,066,142	74,068,871
Other income	17	301,867	270,285
Total income		88,368,009	74,339,156
Expenses			
Staff and related costs		79,165,444	65,738,973
Materials consumed		870,044	938,458
Other operating expenses		4,197,489	4,212,949
Depreciation and amortisation expense		554,539	459,570
Finance costs	18	1,359,426	1,143,434
Total expenses		86,146,942	72,493,384
Profit before taxation		2,221,067	1,845,772
Taxation	19	(853,504)	(726,164)
Profit for the year		1,367,563	1,119,608
Other comprehensive income net of tax:			
- Items that will not be reclassified subsequently to profit or loss			
Re-measurement in net defined benefit liability	14	44,708	34,699
- Items that may be reclassified subsequently to profit or loss			
Exchange translation differences		(430,730)	(911,747)
Total comprehensive income for the year		981,541	242,560
Profit attributable to:			
- Owners of the parent		1,358,949	1,112,580
- Non-controlling interests		8,614	7,028
		1,367,563	1,119,608
Total comprehensive income attributable to:			
- Owners of the parent		975,347	241,137
- Non-controlling interests		6,194	1,423
		981,541	242,560
Earnings per share			
Basic and diluted	20	0.03	0.02

Consolidated statement of changes in equity
for the financial year ended 31 March 2015

	Share capital US\$	Exchange translation reserve US\$	Retained earnings US\$	Total attributable to owners of the parent US\$	Non- controlling interests US\$	Total Equity US\$
Balance at 1 April 2013	9,555,312	(1,859,859)	1,606,584	9,302,037	21,504	9,323,541
Profit for the year	-	-	1,112,580	1,112,580	7,028	1,119,608
Other comprehensive income						
- Exchange differences on translating foreign operations	-	(905,929)	-	(905,929)	(5,818)	(911,747)
- Re-measurement of net defined benefit liability			34,486	34,486	213	34,699
Total comprehensive income	-	(905,929)	1,147,066	241,137	1,423	242,560
Balance at 31 March 2014	9,555,312	(2,765,788)	2,753,650	9,543,174	22,927	9,566,101
Balance at 1 April 2014	9,555,312	(2,765,788)	2,753,650	9,543,174	22,927	9,566,101
Profit for the year	-	-	1,358,949	1,358,949	8,614	1,367,563
Other comprehensive income						
- Exchange differences on translating foreign operations	-	(428,016)	-	(428,016)	(2,714)	(430,730)
- Re-measurement of net defined benefit liability	-	-	44,414	44,414	294	44,708
Total comprehensive income	-	(428,016)	1,403,363	975,347	6,194	981,541
Balance at 31 March 2015	9,555,312	(3,193,804)	4,157,013	10,518,521	29,121	10,547,642

Consolidated statement of cash flows
for the financial year ended 31 March 2015

	Note	2015 US\$	2014 US\$
Cash flows from operating activities			
Profit before taxation		2,221,067	1,845,772
Adjustments for:			
Depreciation and amortisation expense		554,539	459,570
Interest expense		1,359,426	1,143,434
Interest income		(72,536)	(149,386)
(Gain)/ loss on disposal of property, plant and equipment		(7,041)	19,171
Impairment of trade receivables		238,743	470,161
Foreign exchange gain		(11,301)	(33,124)
Bad debts written off – trade		23,930	56,986
Operating profit before working capital changes		4,306,827	3,812,584
Increase in inventories		(49,730)	(9,595)
Increase in trade and other receivables		(3,714,020)	(5,253,050)
Increase in trade and other payables		3,417,218	2,886,313
Cash generated from operations		3,960,295	1,436,252
Income taxes paid		(1,878,246)	(1,799,299)
Interest paid		(1,364,095)	(1,217,715)
Net cash generated from/ (used in) operating activities		717,954	(1,580,762)
Cash flows from investing activities			
Acquisition of other intangible assets		(231,547)	-
Acquisition of property, plant and equipment		(897,446)	(677,197)
Deposit for purchase of property		(40,959)	(178,466)
Repayment by related parties		(64,310)	-
Proceeds from disposal of property, plant and equipment		7,392	19,158
Interest received		99,895	240,325
Net cash used in investing activities		(1,126,975)	(596,180)
Cash flows from financing activities			
Repayment of finance lease obligations		(185,813)	(120,660)
Placement of pledged fixed deposits		(84,755)	(862,454)
Withdrawal from pledged fixed deposits		873,010	-
Proceeds from short-term demand loans from banks		-	1,923,280
Repayment of short-term demand loans from banks		(136,575)	-
Movement in other bank borrowings (net)		(556,795)	1,055,050
Net cash (used in)/ generated from financing activities		(90,928)	1,995,216
Net decrease in cash and cash equivalents		(499,949)	(181,003)
Cash and cash equivalents at beginning of the year		1,064,942	1,375,209
Exchange differences on translation		(25,789)	(129,264)
Cash and cash equivalents at end of the year		539,204	1,064,942

Notes to the financial statements

for the financial year ended 31 March 2015

1 Introduction

Mortice Limited ('the Company' or 'Mortice') was incorporated on 9 January 2008 as a public limited company in Singapore. The Company's registered office is situated at 38, Beach Road, #29-11 South Beach Tower, Singapore- 189767.

The Company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange since 15 May 2008. The Company together with its subsidiaries (hereinafter, together referred to as 'the Group') is engaged in providing services such as guarding services, facilities management services, mechanical and engineering maintenance services, installation of safety equipment and sale of such equipment. The Group's operations are spread across India and Sri Lanka. The various entities comprising the Group have been defined below.

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Effective group shareholding (%)</u>
Tenon Property Services Private Limited ('Tenon Property')	India	99.48
Peregrine Guarding Private Limited ('PGPL')	India	100
Tenon Support Services Private Limited ('Tenon Support')	India	100
Tenon Project Services Private Limited ('Tenon Project')	India	100
Roto Power Projects Private Limited ('Roto')	India	99.95
Soteria Command Center Private Limited ('Soteria')	India	100
Tenon Property Services Lanka(Private) Limited ('Tenon Lanka')	SriLanka	100

These audited consolidated financial statements were approved by the Board of Directors on 27 August 2015

The immediate and ultimate holding company is Mancom Holdings Limited, a Company incorporated in British Virgin Islands.

2 Basis of preparation

2.1 General information and statement of compliance with IFRS

The Consolidated financial statements for the year ended 31 March 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared under the historical cost convention on a going concern basis.

The financial statements are presented in United States Dollars which is the Company's functional currency. All the financial information is presented in United States Dollars ("US\$"), unless otherwise stated.

The preparation of the financial statements in conformity with IFRS requires the use of judgements, 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 differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2.2 Significant judgements in applying accounting policies

Income tax (Note 19)

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is required 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 Group 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

The Group's income tax expense is based on the income and statutory tax rate imposed in the tax jurisdictions in which the subsidiaries conduct operations.

Deferred tax assets (Note 7)

The Group recognises deferred tax assets on carried forward tax losses to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income and that the Group is able to satisfy the continuing ownership test. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The tax rules in India, Sri Lanka and Singapore, in which, the Group operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

During the year, the Group recognised a deferred tax asset amounting to US\$ 1,901,826 was recognised based on the anticipated future use of deferred tax asset carried forward by those entities. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax asset will have to be written off as income tax expense.

Critical accounting estimates and assumptions used in applying accounting policies

Impairment tests for cash-generating units containing goodwill (Note 3)

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segments as follows:

	2015	2014
	US\$	US\$
Mechanical and engineering maintenance services		
- Roto Power Projects Private Limited	811,079	844,697

The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimate rates stated below:

	Mechanical and engineering maintenance services	
	<u>Roto Power Projects Private Limited</u>	
		%
Growth rate		5%-11%
Discount rate		21.5%

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

These assumptions have been used for the analysis of the CGU. Management determines the budgeted gross margin based on past performance and its expectations for market developments. The weighted average growth rates used were consistent with industry reports. The discount rates used pre-tax and reflect specific risks relating to the relevant segments.

The carrying amount as at 31 March 2015 is disclosed in Note 3 to the financial statements.

Depreciation of property, plant and equipment (Note 5)

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 to 5 years. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 is US\$2,014,050 (2014 – US\$1,589,927). Changes in the expected level of usage and technological developments could impact the economic lives and residual value of these assets, therefore depreciation charges could be revised.

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Allowance for inventory obsolescence (Note 9)

Inventories are stated at the lower of cost and net realisable value. In determining the net realisable value, the Group estimate the future selling price in the ordinary course of business, less the estimated costs of selling expenses. Possible changes in these estimates could result in revisions to the valuation of inventories.

Impairment of trade and other receivables (Note 10)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

Valuation of gratuity benefits and long term compensated absences (Note 14)

The present value of the post-employment gratuity benefits and long term compensated absences depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity benefits and long term compensated absences include the standard rates of inflation and salary increase. Any changes in these assumptions will impact the carrying amount of gratuity benefits and long term compensated absences.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity benefits and long term compensated absences. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related gratuity benefits.

Please refer to Note 14 for details on actuarial assumptions used to estimate the Group's defined benefit obligations and the sensitivity analysis of the assumptions. The carrying amount as at 31 March 2015 is disclosed in Note 14 to the financial statements.

2.3 New and revised standards that are effective for annual periods beginning on or after 1 April 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 April 2014. Information on these new standards is presented below.

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 Joint Arrangements

"Joint Arrangements" ("IFRS 11"), which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities - Non-monetary Contributions by Ventures", requires a single method, known as the equity method, to account for interests in joint operations and joint ventures. The proportionate consolidation method to account for joint ventures is no longer permitted to be used. IAS 28, "Investments in Associates", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment. (The Group has not entered into any joint arrangements, hence this is not applicable.)

IFRS 12 Disclosure of interest in other entities

"Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Management has evaluated the impact of above standard and noted that, for the purpose of consolidation of subsidiaries as mentioned in Note 1 to the consolidated financial statements, there are no such significant judgments and assumptions involved in determining whether there is 'Control' over these subsidiaries or not. Further, the Group does not have any subsidiary with material non-controlling interest. Also, the Group has no interest in unconsolidated structured entities. Accordingly, this standard will not have any material impact.

Offsetting financial assets and financial liabilities - amendments to IAS 32

The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.

As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect.

Recoverable amount disclosures for non-financial assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made.
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

Management has noted that, in current year, no impairment loss has been recognised or reversed on any non-financial asset in terms of IAS-36, hence this amendment does not have any impact on these financial statements

2.4 Standards that are not yet effective and have not been adopted by the Group

Summarised in the paragraphs below are standards, that have been issued prior to the date of approval of these consolidated financial statements and will be applicable for transactions in the Group but are not yet effective. These have not been adopted early by the Group and accordingly, have not been considered in the preparation of the consolidated financial statements of the Group.

Management anticipates that all of these pronouncements will be adopted by the Group in the first accounting period beginning after the effective date of each of the pronouncements. Information on the new standards, interpretations and amendments that are expected to be relevant to the Group's consolidated financial statements is provided below.

IFRS 9 Financial Instruments Classification and Measurement

Not yet adopted by European Union

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions'

Applicable for annual periods beginning on or after 1 February 2015

These amendments:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties
- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered

IFRS 15 'Revenue from Contracts with Customers'

Not yet adopted by European Union

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

Amendments to IFRS 11 Joint Arrangements

Not yet adopted by European Union

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

IFRIC 21 'Levies'

Applicable for annual periods beginning on or after 17 June 2014

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements

The management is currently evaluating the impact that all above mentioned new standard/interpretation will have on its consolidated financial statements.

2.4 Significant accounting policies

Overall considerations

The financial accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. The consolidated financial statements have been prepared on a going concern basis. The measurement bases are described in the accounting policies below.

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Consolidation

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Goodwill

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2010. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

Functional currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of all the subsidiaries within the Group (other than the subsidiary in Sri Lanka) is Indian Rupees (INR). The functional currency of subsidiary in Sri Lanka is Sri Lankan Rupees.

For the purpose of consolidation, management has chosen to present the consolidated financial information in US\$, which is the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period of that statement of financial position;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange translation reserve.

Other intangible assets

The Group's other intangible assets include licence, externally acquired customer relationships, brands and internally developed software which are further described in Note 4 to the financial statements.

Licence

licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Licence are amortised on a straight line basis over 10 years, which is considered the useful life of the asset.

Customer relationships

The customer relationships have been acquired as part of a business combination and thus have been recognised at the fair value at the date of acquisition.

These relationships have been amortised on a straight line basis over five years, which is considered the useful life of the asset.

Brands

The brand was acquired as part of the business combination and thus has been recognised at the fair value at the date of acquisition.

Management considers the life of the brand to be indefinite. The brand will not be amortised until its useful life is determined to be finite. It is tested for impairment annually and whenever there is an indication that it may be impaired.

Internally developed software

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- (i) the development costs can be measured reliably
- (ii) the project is technically and commercially feasible
- (iii) the Group intends to and has sufficient resources to complete the project
- (iv) the Group has the ability to use or sell the software
- (v) the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

This software will be amortised on a straight line basis over five years, which is considered the useful life of the asset.

Any capitalised internally developed software that is not yet complete is not amortised but is subject to impairment testing. Subsequent expenditure on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate their depreciable amount over their useful lives as follows:

Computers	3 years
Office equipment	5 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	3 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

Capital work-in-progress is not depreciated until the assets are completed and ready for intended use.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the day of acquisition to the day before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at each reporting date as a change in estimates.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Financial assets and financial liabilities are offsetted and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

As at 31 March 2015, the Group has loans and receivables on the statements of financial position. The Group does not designate any financial assets as held-to-maturity investments, financial assets at fair value through profit or loss and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include cash and bank balances, trade and other receivables, long-term and short-term financial assets. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, in current accounts and deposits accounts with an original maturity of three months or less that 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 consolidated statement of cash flows, cash and cash equivalents are presented net of any pledged bank deposits.

Share capital

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

Financial liabilities

The Group's financial liabilities include bank borrowings, trade and other payables.

Financial liabilities are recognised when the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at the fair value of the proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting date are included in current borrowings in the statement of financial position even though the original terms was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting date. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of reporting date are included in non-current borrowings in the statement of financial position.

Trade and other payables

Payables, which represent the consideration for goods and services received, whether or not billed to the Group, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Payables include trade and the other payables in the statement of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair value of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

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. Rentals on operating lease are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Income taxes

Current income tax for the current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group 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.

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

Deferred income tax is measured:

- (i) at 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 substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offsetted when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Employee benefits

Defined contribution plan

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to a state-run provident fund according to eligibility of the individual employees. The contributions recognised in respect of defined contribution plans are expensed as they fall due.

Defined benefit plan

The defined benefit plans sponsored by the Group defines the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group. The Group's defined benefit plans include amounts provided for gratuity obligations.

The liability recognised in the statement of financial position of a defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows based on management's assumptions.

The estimate of its post-retirement benefit obligations is based on standard rates of inflation and mortality. Discount rate is based upon the market yield available on high quality corporate bonds at the reporting date with a term that matches that of the liabilities and the salary increase taking into account inflation, seniority, promotion and other relevant factors.

Service cost and interest expense on the net defined benefit liability is included in employee benefits expense.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Short term employee benefits

Short term benefits comprising of employee costs such as salaries, bonuses, and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Group.

The liability in respect of compensated absences becoming due or expected to be available within one year from the reporting period are considered short term benefits and are recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be available to the employees.

Long term employee benefits

The liability for employee's compensated absences which become due or expected to be available after more than one year from the reporting date are considered long term benefits and are recognised through valuation by an independent actuary using the projected unit credit method at each reporting date. Actuarial gains and losses are included in the profit or loss account of the year.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors of the Company and certain directors of subsidiaries are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value, reflecting market conditions less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Related party transactions

The Group's related parties include subsidiaries, key management, and entities over which the key management are able to exercise significant influence. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, and after eliminating sales within the Group. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The Group recognises revenue when the specific criteria for each of the Group's activities are met as follows:

Rendering of services

Revenue from guarding and provision of facility management and other manpower services is recorded net of trade discounts, rebates and applicable taxes and is recognised upon performance of services and when there is a reasonable certainty regarding collection at the fair value of the consideration received or receivable.

Revenue from contracts with customers

In respect of installation projects which overlap two reporting periods, revenue is recognised based on the percentage of project completion method. Percentage completion of the project is determined by comparing actual cost incurred till reporting date to the estimate of total cost for completion of the project.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from sale of goods.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Operating segments

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group, as reported to the Group Chief Executive.

The activities undertaken by the Guarding segment includes the provision of guarding services. Facility management services are undertaken by the Facility Management segment. The activities undertaken in respect sale and installation of safety equipment do not meet the quantitative thresholds under IFRS 8 and thus have been disclosed under the segment 'Others'.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

3 Goodwill

	2015	2014
	US\$	US\$
Cash-generating unit (Roto Power Projects Private Limited)		
The Group		
Gross carrying amount:		
Balance as at the beginning of year	844,697	1,209,174
Deferred consideration adjustment (Note a)	-	(249,585)
Translation adjustment	(33,618)	(114,892)
Balance as at the end of year	811,079	844,697

Note (a)

On 30 June, 2009, the Group, through one of its subsidiary company, Tenon Property Services Private Limited, acquired 99.95% of the issued share capital of Roto Power Projects Private Limited for a consideration of US\$2.03 million which included upfront payment of US\$1.78 million and contingent consideration of US\$0.25 million which was included in the cost of the business combination in accordance with IFRS 3 as issued in 2004. During the previous year, the Company made an assessment based on the legal opinion that payment of the contingent consideration of US\$0.25 million was already time barred. Accordingly the Group adjusted such contingent consideration against goodwill.

Impairment testing of goodwill

The recoverable amounts of the cash-generating unit was determined based on value-in-use calculations estimated by management to determine expected cash flows.

As at 31 March 2015, goodwill in respect of the acquisition of Roto Power Projects Private Limited was not impaired.

Management's key assumptions include profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this market. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are as follows:

	2015	2014
Cash-generating unit		
Growth rates	5%-11%	5%-18%
Pre-tax discount rates	21.5%	23%

The calculations of value in use are most sensitive to the following assumptions:

- a) Growth rates - The forecasted growth rates are based on management estimation derived from past experience and external sources of information available.
- b) Pre-tax discount rates - Discount rates reflect management's estimates of the risks specific to the business.

4 Other intangible assets

	Brands	Customer relationships	Licence	Intangible assets under development	Total
	US\$	US\$	US\$	US\$	US\$
Cost					
Balance as at 1 April 2013	53,565	76,507	-	-	130,072
Translation adjustment	(5,088)	(7,272)	-	-	(12,360)
Balance as at 31 March 2014 and 1 April 2014	48,477	69,235	-	-	117,712
Additions / Acquisitions during the year	-	-	84,361	147,186	231,547
Translation adjustment	(1,931)	(2,754)	(1,947)	(3,395)	(10,027)
Balance as at 31 March 2015	46,546	66,481	82,414	143,791	339,232
Accumulated amortization					
Balance as at 1 April 2013	-	57,380	-	-	57,380
Amortisation during the year	-	13,757	-	-	13,757
Translation adjustment	-	(5,362)	-	-	(5,362)
Balance as at 31 March 2014 and 1 April 2014	-	65,775	-	-	65,775
Amortisation during the year	-	3,403	6,184	-	9,587
Translation adjustment	-	(2,697)	(143)	-	(2,840)
Balance as at 31 March 2015	-	66,481	6,041	-	72,522
Carrying value					
At 31 March 2014	48,477	3,460	-	-	51,937
At 31 March 2015	46,546	-	76,373	143,791	266,710

Cash flow reconciliation of acquisition of other intangible assets is as follows:

	2015 US\$	2014 US\$
Acquisition during the year	231,547	-
Net cash flow used in acquisition of other intangible assets	231,547	-

Customer relationships are determined to have a finite life and are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life of customer relationships is 5 years.

Intangible asset under development includes customised software which is under development as at 31 March 2015. During the year, the Group entered into an agreement to acquire enterprise resource planning software ("RAMCO"), to support the planning and administration of the Group's operations. Contractual commitments resulting from this agreement are US\$ 87,872 payable during 2015-16. (Note 23.1)

Management has determined that the brands should be treated as having an indefinite useful life because they are expected to contribute to net cash inflows to the Group indefinitely. The recoverable amount of brands is assessed together with the recoverable amount of goodwill in Note 3 as they relate to the same CGU. As at 31 March 2015, the carrying amount of brands is not impaired.

Amortisation and impairment charge, if any are included in profit or loss.

5 Property, plant and equipment

	Computers	Office equipment	Plant and Machinery	Furniture and fixtures	Leasehold Improvement s	*Vehicles	Capital work- in-progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<u>Cost</u>								
At 1 April 2013	279,156	133,015	815,287	398,278	110,128	1,059,245	-	2,795,109
Acquisitions	197,136	19,069	254,184	140,912	-	357,525	-	968,826
Disposals	-	-	-	-	-	(134,420)	-	(134,420)
Translation adjustment	(25,224)	(12,513)	(75,790)	(36,914)	(10,464)	(99,175)	-	(260,080)
At 31 March 2014 and 1 April 2014	451,068	139,571	993,681	502,276	99,664	1,183,175	-	3,369,435
Acquisitions	53,500	23,880	280,690	85,133	62,629	134,008	404,324	1,044,164
Disposals	-	-	(798)	-	-	(49,983)	-	(50,781)
Translation adjustment	(19,164)	(6,091)	(46,003)	(21,945)	(5,411)	(49,026)	(9,326)	(156,966)
At 31 March 2015	485,404	157,360	1,227,570	565,464	156,882	1,218,174	394,998	4,205,852
<u>Accumulated depreciation</u>								
At 1 April 2013	240,245	75,422	377,999	309,905	58,887	514,895	-	1,577,353
Depreciation	33,476	20,293	144,985	29,036	18,606	199,417	-	445,813
Disposals	-	-	-	-	-	(96,090)	-	(96,090)
Translation adjustment	(22,929)	(7,053)	(34,960)	(29,255)	(5,472)	(47,899)	-	(147,568)
At 31 March 2014 and 1 April 2014	250,792	88,662	488,024	309,686	72,021	570,323	-	1,779,508
Depreciation	65,344	21,860	180,404	55,089	18,613	203,641	-	544,952
Disposals	-	-	(447)	-	-	(49,983)	-	(50,430)
Translation adjustment	(11,496)	(4,033)	(23,565)	(13,595)	(3,296)	(26,242)	-	(82,228)
At 31 March 2015	304,640	106,489	644,416	351,180	87,338	697,739	-	2,191,802
<u>Net book value</u>								
At 31 March 2015	180,764	50,871	583,154	214,284	69,544	520,435	394,998	2,014,050
At 31 March 2014	200,276	50,909	505,657	192,590	27,643	612,852	-	1,589,927

- * The net book value of motor vehicles acquired under finance leases for the Group amounted to US\$484,423 (2014 – US\$748,922). These assets have been pledged as security under finance leases as disclosed under Note 15.1 to the financial statements.

Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US\$475,051 (2014 – US\$452,514) (Note 15.2).

5 Property, plant and equipment

Cash flow reconciliation of acquisition of property, plant and equipment is as follows:

	2015 US\$	2014 US\$
Acquisition during the year	1,044,164	968,826
Assets acquired through finance leases	(146,718)	(291,629)
Net cash flow used in acquisition of property, plant and equipment	897,446	677,197

The Group has a contractual commitment to pay US\$ 45,362 in 2015-16, for the purpose of construction of leasehold building

6 Long-term financial assets

	2015 US\$	2014 US\$
Restricted cash	1,066,390	1,968,247
	1,066,390	1,968,247

Restricted cash represents fixed deposits held with banks to secure bank guarantees in favour of customers with respect to the Group's activities for continuing contracts. The weighted average effective interest rate on long-term financial assets is 8.08% (2014 - 8.30%) per annum.

7 Deferred tax assets

	2015 US\$	2014 US\$
Balance at beginning	1,532,578	1,266,317
Transfer from profit and loss and other comprehensive income	440,411	384,042
Translation adjustment	(71,173)	(117,781)
	1,901,826	1,532,578

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	At 1 April 2014 US\$	Recognised in profit or loss US\$	Recognised in other Comprehensive Income US\$	At 31 March 2015 US\$
Excess of net book value over tax written down value of qualifying property, plant and equipment	194,990	25,562	-	220,552
Retirement benefits and other employee benefits	519,226	(58,094)	21,474	482,613
Unutilised tax losses	329,872	116,067	-	445,939
Unutilised tax credits	136,415	55,891	-	192,306
Others	352,075	208,341	-	560,416
	1,532,578	390,722	21,474	1,901,826

	At 1 April 2013 US\$	Recognised in profit or loss US\$	Recognised in other Comprehensive Income US\$	At 31 March 2014 US\$
Excess of net book value over tax written down value of qualifying property, plant and equipment	164,353	30,637	-	194,990
Retirement benefits and other employee benefits	260,881	239,039	19,306	519,226
Unutilised tax losses	501,656	(171,784)	-	329,872
Unutilised tax credits	145,487	(9,072)	-	136,415
Others	193,940	158,135	-	352,075
	1,266,317	285,567	19,306	1,532,578

Deferred tax assets have not been recognised in respect of the following items:

	2015 US\$	2014 US\$
Tax losses	748,313	128,747
Deferred tax assets	229,536	38,520

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Deferred tax liabilities of US\$1,025,083 (2014 - US\$ 699,686) associated with an investment in subsidiaries has not been recognized, as the group controls the timings of the reversal and it is probable that the temporary difference will not reverse in foreseeable future.

8 Other non current assets

	2015 US\$	2014 US\$
Deposits	212,508	179,644

This represents deposits paid for construction of a property. The group has a contractual commitment to pay US\$79,698 in future years, for the purpose of purchase of property. The amount will be capitalised as part of property, plant and equipment upon completion of the transaction, which is estimated to be after 31 March 2016.

9 Inventories

	2015 US\$	2014 US\$
Consumables	195,526	153,034

Consumables represent uniforms, material and equipment such as tools used under installation at customer sites.

No inventory write downs or reversals are recognised in the periods reported above.

10 Trade and other receivables

	2015 US\$	2014 US\$
Trade receivables	22,654,686	20,544,254
Less impairment of trade receivables:		
Balance at beginning	1,072,727	665,831
Charge for the year	238,743	470,161
Translation adjustment	(42,694)	(63,265)
Net charge for the year	196,049	406,896
Balance at end	1,268,776	1,072,727
Net trade receivables (i)	21,385,910	19,471,527
Other receivables		
Unbilled billings	382,519	591,792
Advances to related parties	138,515	74,205
Advances to third parties	1,054,268	413,826
Staff loans	268,161	230,069
Deposits	747,149	685,213
Prepayments	60,428	84,679
Others	90,553	34,049
(ii)	2,741,593	2,113,833
(i) + (ii)	24,127,503	21,585,360

The advances to third parties mainly pertain to advances paid on rent, construction work-in-progress and suppliers of petrol. Included in prepayments are advances to vendors and prepaid insurance. The deposits pertain to security deposits recoverable from customers.

Unbilled billings represent the contract revenue for services rendered but not yet invoiced due to the timing of the accounting invoicing cycle.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of US\$ 196,049 has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties

The ageing analysis of trade receivables not impaired is as follows:

	2015 US\$	2014 US\$
Not past due	15,159,215	11,959,636
Past due 0 to 3 months	3,976,349	5,924,532
Past due 3 to 6 months	962,265	754,240
Past due over 6 months	1,288,081	833,119
	21,385,910	19,471,527

The credit risk for trade receivables based on the information provided by key management, by geographical area, is located in India and Sri Lanka

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

11 Cash and cash equivalents

	2015 US\$	2014 US\$
Cash at banks	463,315	941,266
Cash on hand	75,889	123,676
	539,204	1,064,942

12 Share capital

	No. of ordinary shares		Amount	
	2015	2014	2015 US\$	2014 US\$
<u>Issued and fully paid, with no par value</u>				
Balance at beginning and at end of year	47,700,001	47,700,001	9,555,312	9,555,312

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Reserves

	2015 US\$	2014 US\$
Exchange translation reserve	(3,193,804)	(2,765,788)
Retained earnings/ (accumulated losses)	4,157,013	2,753,650
	963,209	(12,138)

Exchange translation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Company.

14 Employee benefit obligations

Long term employee benefit obligations comprise the gratuity and long-term compensated absences. These are summarised as under:

	2015	2014
	US\$	US\$
Gratuity benefit plan (Note 14.1)	1,090,431	858,939
Long term compensated absences (Note 14.2)	291,015	84,847
	1,381,446	943,786

The estimate of its defined benefit liabilities at 31 March 2015, 2014, 2013, 2012 and 2011 are US\$ 1,381,446, US\$ 943,786, US\$ 735,948, US\$ 624,776 and US\$ 494,790 respectively and are based on standard rates of inflation and mortality.

14.1 Gratuity benefit plan

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation by each of the companies. The Group does not have an obligation to fund under the gratuity benefit plan.

The plan exposes the Group to actuarial risks such as interest rate risk, inflation risk and change in compensation level.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian Rupees. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

Compensation level

The Group is required to provide benefits upon retirement or resignation of its members after completing a service of 5 years with the Group. The benefits is computed based on the last drawn salary of the members. Increase in compensation level will increase the defined benefit liability.

The expense for the year and the liability as at year end in respect of the Group on account of the above plan is given below:

Reconciliation of gratuity benefit plan

	2015 US\$	2014 US\$
A. <u>Change in benefit obligation</u>		
Actuarial value of projected benefit obligation (PBO) (Opening balance)	858,939	685,204
Interest cost	71,633	50,446
Service cost	281,822	255,823
Benefits paid	(15,326)	(14,989)
Re-measurement- actuarial gain (gross)	(66,182)	(54,005)
Translation adjustment	(40,455)	(63,540)
PBO at the end of year (Closing balance)	1,090,431	858,939
	2015 US\$	2014 US\$
B. <u>Amounts recognised in profit or loss</u>		
Current service cost	281,822	255,823
Interest cost	71,633	50,446
Expense recognised in profit or loss	353,455	306,269
	2015 US\$	2014 US\$
C. <u>Amounts recognised in other comprehensive income</u>		
Actuarial gain from changes in demographic assumptions	(207,466)	(6,409)
Actuarial gain from changes in financial assumptions	-	(18,623)
Experience adjustment	141,284	(28,973)
	(66,182)	(54,005)
Taxation (Note 7)	21,474	19,306
Total income recognised in other comprehensive income net of tax	(44,708)	(34,699)

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in other comprehensive income.

Space left blank intentionally

Gratuity benefit plan

The significant actuarial assumptions were as follows:

	2015	2014
(i) Financial assumptions		
- Discount rate (per annum)	8.5%	8.5%
- Rate of increase in compensation levels (per annum)	5.5%	5.5%
(ii) Demographic assumptions		
- Retirement age	58 years	58 years
- Mortality percentage		0.10%-
20 years - 50 years	0.10%-0.52%	0.52%
	0.58%-	0.58%-
50 years - 58 years	1.10%	1.10%

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the defined benefit obligation was measured using the projected unit credit method.

(iii) The sensitivity of the gratuity benefit plan to changes in the weighted principal assumptions is:

	Impact on defined benefit liability		
	Change in assumption	Increase in assumption	Decrease in assumption
		US\$	US\$
Discount rate	0.50%	(5,077)	41,678
Compensation level	0.50%	42,108	(5,764)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the gratuity benefit plan to significant actuarial assumptions, the same method (present value of the gratuity on retirement calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity benefit liability recognised within the statements of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Based on historical data, the Group expected payout is US\$ 427,622 in 2015-16 (US\$ 399,806 in 2014-15).

The weighted average duration of the defined benefit obligation at 31 March 2015 is 2.71 years.

14.2 Long term compensated absences

The entities within the Group have either accumulating or non-accumulating compensated absences policies for employees working under the guarding and facilities management services. The cost of non-accumulating absences is charged to profit or loss. The Group measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method, where the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows based on assumptions developed by the management. The discount rate is based upon the market yield available on high quality corporate bonds at the end of reporting period, which have a term that matches that of the liabilities. Other assumptions used in the valuation include an estimate of the salary increases, which takes into account inflation, seniority, promotion and other

relevant factors. The liability with respect to long term employee benefits in respect of compensated absences for the year ended 31 March 2015 is US\$ 291,015 (2014 - US\$ 84,847).

14 Employee benefit obligations (cont'd)

14.3 Provident fund benefit

Apart from being covered under the Gratuity Plan described earlier, employees of the Group also participate in a provident fund plan. The Provident Fund (being administered by a trust) is a defined contribution scheme whereby the Group deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The Group does not have any further obligation in the plan beyond making such contributions. Upon retirement or separation, an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed US\$ 4,545,305 and US\$ 3,552,459 to the provident fund plan, during the year ended 31 March 2015 and 31 March 2014, respectively.

The contribution to the provident fund is included as part of the staff and related costs as shown in the face of the consolidated statement of profit or loss and other comprehensive income.

15 Borrowings

	2015 US\$	2014 US\$
Non-current		
Obligations under finance leases (Note 15.1)	198,640	275,107
Bank loan (Note 15.2)	165,539	130,743
	364,179	405,850
Current		
Obligations under finance leases (Note 15.1)	156,595	176,285
Demand loans from bank (Note 15.2)	1,725,493	1,830,288
Other bank borrowings (Note 15.2)	5,214,863	5,997,505
Loan from related party (Note 15.3)	-	105,677
	7,096,951	8,109,755
Total borrowings	7,461,130	8,515,605

15.1 Obligations under finance leases

	2015 US\$	2014 US\$
Minimum lease payments payable:		
Due not later than one year	184,941	213,908
Due later than one year and not later than five years	232,543	305,979
Due later than five years	2,018	7,953
	419,502	527,840
Less:		
Finance charges allocated to future periods	(64,267)	(76,448)
Present value of minimum lease payments	355,235	451,392

Represented by:

	2015 US\$	2014 US\$
Present value of minimum lease payments:		
Due not later than one year	156,595	176,285
Due later than one year and not later than five years	196,673	267,451
Due later than five years	1,967	7,656
Present value of minimum lease payments	355,235	451,392

The interest rate ranges from 8% to 12.79% (2014 - 9% to 13%) per annum.

15 Borrowings

15.1 Obligations under finance leases

The Group leases motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The finance lease obligations are secured by the underlying assets (Note 5).

15.2 Bank borrowings

	2015 US\$	2014 US\$
Non-current:		
Bank loan		
Amounts repayable after one year	165,539	130,743
Current:		
Other bank borrowings		
Demand loans	1,725,493	1,830,288
Bank overdraft/cash credit payable on demand- secured	5,214,863	5,997,505
Amounts repayable within one year	6,940,356	7,827,793
Total	7,105,895	7,958,536

(i) The weighted average effective interest rate for the bank loan is 10.75% (2014 - 10.50%) per annum.

The interest rate for bank overdraft/cash credit and demand loans are within the range of 11.70% to 13.75% (2014 - 10.50% to 13.75%) per annum. Interests is repriced on an annual basis.

(ii) The bank overdrafts/cash credit payable on demand and demand loans are repayable between 9 March 2016 and 10 March 2016 and are secured by:

- Exclusive charge on all the current assets amounting to US\$ 26,326,726 (2014 - US\$ 23,674,871) and movable fixed assets amounting to US\$ 475,051 (2014 - US\$ 452,514) both present and future.
- Unconditional and irrevocable personal guarantee of Manjit Rajain - Key managerial person

(iii) The non-current bank loan is secured against the property.

15.3 Loan from related party

The group had taken an unsecured loan from one of the directors of the Company at the rate of 12.75% per annum which was repaid during the year.

16 Trade and other payables

	2015 US\$	2014 US\$
Trade payables		
Third parties	1,909,873	1,914,054
Accruals	685,953	385,156
	2,595,826	2,299,210
Other payables		
Salaries payable	5,664,896	5,222,386
Advances from customers	1,982,534	1,990,396
Statutory dues payables	3,647,327	2,100,345
Advances from related parties	10,471	10,471
	13,901,054	11,622,808

16 Trade and other payables

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statements of financial position to be reasonable approximation of their fair values.

Related parties include key management and their spouse and entities over which key management are able to exercise control. Both the advances from related parties and amount due to subsidiaries are unsecured and repayable on demand. Interest rate for advances from related parties and amount due to subsidiaries are 12.75% (2014 - 13.25%) per annum.

Advances from customers are amounts received from unidentified debtors.

Statutory dues payables consist mainly of provident funds, employee state insurance, services tax and miscellaneous business related tax.

Further details of liquidity risks on trade and other payables are disclosed in Note 23.2 to the financial statements.

17 Other income

	2015 US\$	2014 US\$
Interest income	72,536	149,386
Foreign exchange gain	11,301	32,401
Vehicle hire charges	48,285	25,620
Others	169,745	62,878
	301,867	270,285

18 Finance costs

	2015 US\$	2014 US\$
Interest on bank overdrafts and cash credit payable	646,655	507,032
Interest on bank loan and demand loan	245,082	104,628
Interest on finance leases	43,355	38,063
Bank charges	88,378	94,874
Interest on delayed payment	335,956	239,388
Others include interest on related parties advances	-	159,449
	1,359,426	1,143,434

Further details of interest rate are disclosed in Note 15.1 and Note 15.2 to the financial statements.

19 Taxation

	2015 US\$	2014 US\$
Current taxation	1,315,387	1,129,512
Deferred taxation	(461,883)	(403,348)
	853,504	726,164

The major components of tax expense and the reconciliation of the expected tax expense based on the tax rates as applicable in the respective tax jurisdictions and the reported tax expense in profit or loss are as follows:

	2015 US\$	2014 US\$
Profit before taxation	2,221,067	1,845,772
Tax at domestic rates as applicable in the countries concerned	755,640	597,634
Tax effect on non-deductible expenses	16,681	4,226
Under provision of current tax of earlier year	28,638	158,069
Deferred tax asset not recognised on unutilised tax credit and deductible		
Temporary differences of earlier years	(107,577)	(86,618)
Deferred tax asset not recognised on account of losses in subsidiaries	142,535	52,444
Others	17,587	409
	853,504	726,164

Income tax is based on the tax rate applicable in various jurisdictions in which the Group operates. The effective tax at the domestic rates applicable to profits in the country concerned as shown in the reconciliation above have been computed by multiplying the accounting profit with the effective tax rate in each jurisdiction in which the Group operates. The individual entity amounts have been aggregated for the consolidated financial statements. The effective tax rate applied in each individual entity has not been disclosed in the tax reconciliation above as the amounts aggregated for individual group entities would not be a meaningful number. The details of statutory tax rates:

<u>Country</u>	<u>Rate</u>
Singapore	17.00% (previous year - 17%)
India	32.445% (previous year - 32.445%)
Sri Lanka	28% (previous year - NA)

20 Earnings per share

Both the basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue of 47,700,001 (2014 – 47,700,001) shares during the financial year.

	2015	2014
Net profit attributable to equity holders (US\$)	1,358,949	1,112,580
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	47,700,001	47,700,001
Basic and diluted earnings per share (US\$ per share)	0.03	0.02

For the purpose of calculating diluted earnings per share, profit attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

A. Related party relationship**Disclosure of Related parties and relationship between the parties:**

	2015	2014
	US\$	US\$
<u>Key management personnel and their relatives</u>		
Office rental paid to key management personnel	166,222	155,282
Deposits given to key management personnel	67,103	69,884
Sponsorship fees paid to relative of key management personnel	-	112,352
Loan taken from key management personnel	-	105,677
Receivable/(Payable) from key management personnel	67,103	(35,793)
<u>Entities over which key management are able to exercise control:</u>		
Deposits given to related party	221,120	245,529
Operating expenses paid on behalf of related party	10,953	38,717
Recovery of advances from related party	14,983	34,227
Office rental paid to related party	23,746	130,917
Commission paid to related party	37,614	38,019
Receivable from related party	382,192	322,501

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) The facility management segment relates to the provision of facility management services.
- (2) The guarding service segment relates to the provision of guarding services.
- (3) The other segments include sale and installation of safety equipment which do not meet the quantitative thresholds under IFRS 8.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The Group Chief Executive as Chief Operating Decision Maker monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit and loss in the consolidated financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Sales and transfers between operating segments are carried out at arm's length.

Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

The following tables present revenue and profit information regarding industry segments for the years ended 31 March 2015 and 2014, and certain assets and liabilities information regarding industry segments as at 31 March 2015 and 2014.

	Facility management		Guarding service		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Segment revenue	24,304,769	21,002,701	63,585,205	52,952,879	176,168	113,291	88,066,142	74,068,871
Depreciation and amortisation	180,797	149,558	330,124	308,942	43,618	1,070	554,539	459,570
Materials consumed	587,616	533,222	159,760	305,102	122,668	100,134	870,044	938,458
Staff and related costs	22,665,877	19,088,190	56,289,332	46,569,417	210,235	81,366	79,165,444	65,738,973
Other operating Expenses	1,042,531	950,106	2,811,780	3,063,751	119,410	37,129	3,973,721	4,050,986
Finance costs	395,877	348,148	926,820	770,637	34,842	21,675	1,357,539	1,140,460
Segment operating (loss)/profit before Tax	(567,929)	(66,523)	3,067,389	1,935,030	(354,605)	(128,083)	2,144,855	1,740,424
Taxation	238,057	(69,315)	(1,075,766)	(632,078)	(11,713)	(8,304)	(849,422)	(709,697)
Segment net (loss)/profit	(329,872)	(135,838)	1,991,623	1,302,952	(366,318)	(136,387)	1,295,433	1,030,727
Segment assets	9,973,435	10,805,412	22,784,395	19,431,170	467,476	356,691	33,225,306	30,593,273
Segment liabilities	6,057,946	5,955,985	16,517,061	14,963,262	84,823	91,441	22,659,830	21,010,688
Other segment information:								
Capital expenditure								
- property, plant and Equipment	220,844	230,564	741,398	496,994	81,922	241,268	1,044,164	968,826
- other intangible assets	-	-	-	-	-	-	231,547	-
Depreciation of property, plant and equipment	177,395	139,496	330,124	305,248	37,433	1,069	544,952	445,813
Amortisation of other intangible assets	-	-	-	-	-	-	9,587	13,757

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in its consolidated financial statements are as follows:

2015

2014

	US\$	US\$
Segment operating profit before tax	2,144,855	1,740,424
Reconciling items:		
Other income not allocated (Note 18)	301,867	270,285
Other expenses not allocated (Mortice Limited)	(225,655)	(164,937)
Group profit before tax	2,221,067	1,845,772
Group profit before tax	2,221,067	1,845,772
Reconciling items:		
Tax unallocated	(4,082)	(16,467)
Tax allocated	(849,422)	(709,697)
Group profit after tax	1,367,563	1,119,608

	2015 US\$	2014 US\$
Segment assets	33,225,306	30,593,273
Reconciling items:		
Other assets not allocated (Mortice Limited)	65,966	55,027
Total assets	33,291,272	30,648,300
	2015 US\$	2014 US\$
Segment liabilities	22,659,830	21,010,688
Reconciling items:		
Other liabilities not allocated (Mortice Limited)	83,800	71,511
Total liabilities	22,743,630	21,082,199

22.1 Geographical segments

Revenue and non-current assets of information based on geographical location of customers and assets respectively are as follows:

	2015 US\$	2014 US\$
<u>Revenue</u>		
India	88,049,640	74,068,871
Sri Lanka	16,502	-
	88,066,142	74,068,871
<u>Non-current assets</u>		
India	3,302,401	2,666,205
Sri Lanka	1,946	-
	3,304,347	2,666,205

All segment revenue and expense is directly attributable to the segments. There is no revenue from transactions with as single external customer that amounts to 10 per cent or more of the Group's revenues.

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

23 Financial risk management objectives and policies

The Group financial risk management policies set out the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

23.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables and bank deposits.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the Note 25 to the consolidated financial statements.

For trade receivables, the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties. Cash is held with reputable financial institutions.

As at the end of reporting period, the Group has concentration of credit risk in 5 customers amounting US\$ 1,749,248 (2014 - US\$ 1,838,308) representing approximately 8% (2014 - 9%) of the total trade receivables of US\$ 21,474,308 (2014 - US\$ 19,471,527).

The Group establishes an allowance that represents its estimates of incurred losses in respect of trade and other receivables. The main components of the allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial assets are considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial assets.

Further details of credit risks on trade and other receivables are disclosed in Note 10.

23.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses non-derivative financial liabilities of the the Group into relevant maturity groupings based on the remaining period from the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year US\$	Between 2 and 5 years US\$	Over 5 years US\$	Total US\$
At 31 March 2015				
Trade and other payables	10,253,727	-	-	10,253,727
Borrowings	7,198,631	411,251	2,018	7,611,900
	17,452,358	411,251	2,018	17,865,627
At 31 March 2014				
Trade and other payables	9,522,463	-	-	9,522,463
Borrowings	8,225,165	446,672	7,953	8,679,790
	17,747,628	446,672	7,953	18,202,253

The Group manages the liquidity risk by ensuring that there are sufficient cash to meet all their normal operating commitments in a timely and cost-effective manner and having adequate amount of credit facilities.

The Group manages the liquidity risk as discussed in Note 2(a).

23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their bank overdraft on which there are floating rates of interest, determined from time to time. All of the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 12 months (2014: less than 12 months) from the end of reporting period.

Sensitivity analysis for interest rate risk

Based on the volatility in interest rates in respect of the bank overdraft facility for the previous 12 months, the management estimates a range of 50 basis points to be appropriate. A decrease in market interest rate by 50 basis points, will lead to a decrease in finance cost by US\$ 34,702 (2014 - US\$ 39,667) resulting in an increase in profit and equity for the year ended 31 March 2015 and an equal and opposite effect in the case of an increase in the interest rates.

All other loans have a fixed rate of interest.

23.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its services in several countries other than Singapore and transacted in foreign currencies. As a result the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to Indian Rupee. The transaction risk arise when Group enters into a transaction in a currency other than its functional currency and translation risk arise when financial statements of all entities within group are translated into presentation currency for the purpose of consolidation.

However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The financial assets and liabilities are denominated in the following currencies:

	2015			2014		
	INR	LKR	US\$	INR	LKR	US\$
Long-term financial assets	-	-	-	1,968,247	-	-
Trade and other receivables	24,051,586	9,064	6,425	21,493,385	-	7,296
Short-term financial assets	1,066,390	-	-	-	-	-
Cash and cash equivalents	479,290	373	59,541	1,017,211	-	47,731
	25,597,266	9,437	65,966	24,478,843	-	55,027
Borrowings	(7,461,130)	-	-	(8,515,605)	-	-
Trade and other payables	(10,166,875)	(10,720)	(76,132)	(9,456,802)	-	(65,661)
	7,969,261	(1,283)	(10,166)	6,506,436	-	(10,634)

If the INR and LKR all strengthened against the US\$ by 5% (2014 - 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	←----- Increase/(Decrease) ----->			
	2015		2014	
	Profit net of tax US\$	Equity US\$	Profit net of tax US\$	Equity US\$
INR	269,182	269,182	219,771	219,771
LKR	(46)	(46)	-	-

23.4 Foreign currency risk

If the INR and LKR weakened against the US\$ by 5% (2014 - 5%) with all other variables including tax rate being held constant, it would have had the equal opposite effect on the amounts shown above, on the basis that all other variables remaining constant.

23.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

24 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Company's risk management capability;
- (d) To provide an adequate return to shareholders; and
- (e) To ensure that all externally imposed capital requirements are complied with.

The funding requirements are met through a mixture of equity and other long-term/short-term borrowings. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group monitors capital on the basis of the carrying amount of equity plus adjusted debts as presented in the statement of financial position. Adjusted debts is defined as total borrowings (excluding trade and other payables) less cash and cash equivalents. Three of the subsidiaries of the Group are required to maintain current ratio of less than 1.28x, total debt to total tangible net worth of less than 0.5x, total debt/EBITDA of less than 0.7x and return on capital employed of more than 17.76%.

Total capital is calculated as equity plus net borrowings.

The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:2.

Gearing has a significant influence on the Group's capital structure and the Group monitor capital using a gearing ratio. The Group monitors gearing closely but has not set a definite ratio as it depends on the operational and investments requirement of the Group. The gearing ratio is calculated as adjusted debts divided by total capital.

	2015 US\$	2014 US\$
Total equity	10,547,642	9,566,101
Adjusted debts	6,921,926	7,450,663
Total capital	17,469,568	17,016,764
Gearing ratio	0.40	0.44

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year.

25 Financial instruments

Accounting classifications of financial assets and financial liabilities

	2015 US\$	2014 US\$
Non-current assets		
<i>Loans and receivables</i>		
Long-term financial assets – restricted cash	1,066,390	1,968,247
Current assets		
<i>Loans and receivables</i>		
Trade receivables	21,385,910	19,471,527
Other current assets	2,542,651	1,954,949
Related party receivables	138,515	74,205
Cash and bank balances	539,204	1,064,942
Total loans and receivables	25,672,670	24,533,870
	2015 US\$	2014 US\$
Non-current Liabilities		
Carrying amount at amortised cost		
Borrowings	165,539	130,743
Current liabilities		
Carrying amount at amortised cost		
Trade payables and other payables	10,253,727	9,522,463
Borrowings	6,940,356	7,933,470
Total financial liabilities	17,359,622	15,586,676

Fair values

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at financial position date would be significantly different from the values that would eventually be received or settled.