

COMPUAGE INFOCOM (S) PTE. LTD.

(Incorporated in Singapore)
Company Reg. No.: 200814423G

**Audited Financial Statements for the year ended
31 March 2016**

AAA Assurance PAC
Public Accountants and Chartered Accountants
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The directors are pleased to present their report to the members together with the audited financial statements of Compuage Infocom (S) Pte. Ltd. ("the Company") for the financial year ended 31 March 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Tilve Sachin Sudhakar
Atul H. Mehta

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 ("the Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<u>Name of Directors</u>	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>At beginning of financial year</u>	<u>At the end of financial year</u>	<u>At beginning of financial year</u>	<u>At the end of financial year</u>
Ordinary Shares of the Company				
Atul H. Mehta	-	-	150,000	150,000
<u>Immediate and Ultimate Holding Company</u>				
- Compuage Infocom Ltd				
Atul H. Mehta	1,780,484	1,780,484	-	-

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

INDEPENDENT AUDITOR

The independent auditor, AAA Assurance PAC has expressed its willingness to accept re-appointment as auditor.

Signed by,

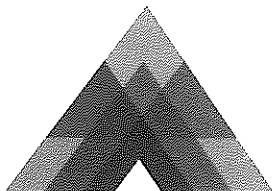


Tilve Sachin Sudhakar
Director



Atul H. Mehta
Director

Singapore
2 MAY 2016



AAA ASSURANCE PAC

PUBLIC ACCOUNTANTS

CHARTERED ACCOUNTANTS

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Co. Reg. No. 201408818E

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Report on the Financial Statements

We have audited the accompanying financial statements of **COMPUAGE INFOCOM (S) PTE. LTD.** ("the Company"), which comprise statement of financial position of the Company as at 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

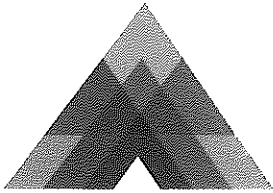
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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INDEPENDENT AUDITOR'S REPORT - continued
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to substantiate the occurrence of other payables amounting to US\$2,165,236 (Note 18). We are unable to perform other practicable alternative audit procedures to satisfy ourselves as to the validity and appropriateness of these amount.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

AAA ASSURANCE PAC
Public Accountants and Chartered Accountants

Singapore
2 MAY 2016

COMPUAGE INFOCOM (S) PTE. LTD.Statement of Profit or Loss and Other Comprehensive
Income for the year ended 31 March 2016

	<u>Note</u>	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
Turnover	4	67,955,357	46,831,603
Cost of Sales		(66,904,896)	(46,076,503)
Gross Profit		1,050,461	755,100
Other Income	5	12,771	30,758
Marketing and Distribution Expenses	6	(73,474)	(95,582)
Administrative Expenses	7	(593,438)	(589,421)
Finance Costs	8	(27,214)	(11,120)
Profit before Taxation		369,106	89,735
Income Tax Expense	9(a)	(17,905)	(2,834)
Profit for the year, Representing Total Comprehensive Income for the year		351,201	86,901

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM (S) PTE. LTD.

 Statement of Financial Position as at
 31 March 2016

	Note	2016	2015
		\$	\$
ASSETS			
Non - Current Assets			
Plant and Equipment	10	7,503	5,538
Current Assets			
Cash and Bank Balances	11	841,349	137,309
Fixed Deposits	12	156,747	155,874
Trade Receivables	13	774,977	1,665,544
Other Receivables	14	623,354	2,599,041
Amount Due from Holding Company	15	141,870	360,004
Inventories	16	-	1,352,185
		2,538,297	6,269,957
Less: Current Liabilities			
Trade Payables	17	150,000	2,056,979
Other Payables	18	2,173,501	3,770,341
Dividend Payable	19	-	17,359
Amount Due to Bankers	20	-	327,623
Provision for Taxation	9(c)	21,098	3,193
		2,344,599	6,175,495
		193,698	94,462
		201,201	100,000
EQUITY			
Share Capital	21	100,000	100,000
Retained Earnings		101,201	-
		201,201	100,000

The annexed notes form an integral part of the audited financial statements.

COMPUAGE INFOCOM (S) PTE. LTD.Statement of Changes in Equity for the
year ended 31 March 2016

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	US\$	US\$	US\$
At 1 April 2014	100,000	(69,542)	30,458
Profit for the year, Representing Total Comprehensive Income for the year	-	86,901	86,901
Dividend (Note 19)	-	(17,359)	(17,359)
At 31 March 2015	100,000	-	100,000
Profit for the year, Representing Total Comprehensive Income for the year	-	351,201	351,201
Dividend (Note 19)	-	(250,000)	(250,000)
At 31 March 2016	100,000	101,201	201,201

The annexed notes form an integral part of the audited financial statements.

	2016	2015
	US\$	US\$
Cash Flows from Operating Activities		
Profit before Taxation	369,106	89,735
Adjustments:		
Finance Costs	27,214	11,120
Depreciation	1,768	3,718
Operating Cash Flows before Working Capital Changes:	398,088	104,573
Working Capital Changes :		
Trade Receivables	890,567	(879,082)
Other Receivables	1,975,687	(2,382,319)
Inventories	1,352,185	(937,716)
Amount Due from Holding Company	(115,195)	(26,675)
Trade Payables	(1,906,979)	1,852,126
Other Payables	(1,596,840)	2,831,129
Amount Due to Holding Company	-	(809,972)
Cash Flows Generated from / (Used in) Operating Activities	997,513	(247,936)
Tax Refund	-	359
Net Cash Flows Generated from / (Used in) Operating Activities	997,513	(247,577)
Cash Flows from Investing Activities		
Additions to Plant and Equipment	(3,733)	(1,843)
Fixed Deposits	(873)	(1,873)
Net Cash Flows Used in Investing Activities	(4,606)	(3,716)
Cash Flows from Financing Activities		
Amount Due from Holding Company	333,329	(333,329)
Dividend Payable	(17,359)	-
Finance Costs	(27,214)	(11,120)
Dividend Paid on Ordinary Shares	(250,000)	-
Repayment of Amount Due to Bankers	(327,623)	83,957
Net Cash Flows Used in Financing Activities	(288,867)	(260,492)
Net Increase / (Decrease) in Cash and Cash Equivalents	704,040	(511,785)
Cash and Cash Equivalents at the Beginning of the Financial Year	137,309	649,094
Cash and Cash Equivalents at the End of the Financial Year	841,349	137,309
Comprising:		
Cash Balances	932	280
Bank Balances	840,417	137,029
	841,349	137,309

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

1. Corporate Information

Compuage Infocom (S) Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office and principal place of business at 69 Ubi Crescent #03-04, CES Building, Singapore 408561.

The principal activities of the Company are those of general wholesale trade and general importers and exporters. There have been no significant changes in the nature of this activity during the financial year.

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

The Company's **immediate and ultimate holding Company** is Compuage Infocom Ltd, a Company incorporated in India. The principal activities of the Holding Company are those of general wholesale trade and general importers and exporters.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (US\$), which is the Company's functional currency. All financial information presented in United States Dollars has been rounded to the nearest one-dollar, unless otherwise stated.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised and in any future financial years affected.

Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have material effect on the financial statements.

Standards Issued But Not Yet Effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2015, and have been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued and potentially relevant to the Company but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16: Clarification of Acceptable Methods of Depreciation	1 Jan 2016
Improvements to FRSs (November 2014)	
<i>Amendments to FRS 107 Financial Instruments: Disclosures</i>	1 Jan 2016
<i>Amendments to FRS 19 Employee Benefits</i>	1 Jan 2016
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016

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

2. Significant Accounting Policies – continued

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Sales of Goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where 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 proportion basis using the effective interest method.

(c) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

(d) Employee Benefits

Defined Contribution Plans

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

Short-term Employee Benefits

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

(e) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(f) Taxes

(i) Current Income Tax

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

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

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant Accounting Policies – continued

(f) Taxes - continued

(ii) Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legal enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales Tax

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

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

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

(g) Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

	<u>Useful lives</u>
Computers	3 years
Furniture and Fittings	3 years
Office Equipment	3 years
Renovations	5 years

2. Significant Accounting Policies – continued

(g) Plant and Equipment - continued

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

(h) Financial Instruments

(i) Financial Assets

Initial Recognition and Measurement

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

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

The Company has the following non-derivative financial assets: loans and receivables.

Subsequent Measurement

Loans and Receivables

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

Loans and receivables comprise loan to the director, trade and other receivables, amount due from related party and cash and cash equivalents.

Cash and cash equivalent comprise cash at banks and on hand.

De-recognition

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

(ii) Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Such financial liabilities comprise trade and other payables, hire purchase creditor and bank borrowings.

2. Significant Accounting Policies – continued

(h) Financial Instruments - continued

(ii) Financial Liabilities - continued

De-recognition

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

(i) Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial Assets Carried at Amortised Cost

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

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

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. Significant Accounting Policies – continued

(k) Related Party

A related party is defined as follows:

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

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 are considered key management personnel.

(l) Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(m) Provisions

General

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

2. Significant Accounting Policies – continued

(m) Provisions - continued

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Share Capital

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

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company management.

(p) Functional Currency and Foreign Currency Translations

Functional Currency

Items included in the financial statements in the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Company are presented in United States Dollars ("USD"), which is the functional currency.

Foreign Currency Transactions and Balances

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

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

3. Significant Accounting Judgements and Estimates

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

3.1 Judgments Made in Applying Accounting Policies

Management is of the opinion that there were no material judgments made by the management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

3.2 Key Sources of Estimation Uncertainty Impairment of Loans and Receivables

Impairment of Trade and Other Receivables

The collectability of the trade and other receivables are assumed as an ongoing basis. An allowance for impairment is established when there is an objective evidence that the trade receivables have been impaired. Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. The carrying amount of the Company's trade and other receivables as at 31 March 2016 were US\$774,977 (2015: US\$1,665,544) and US\$623,354 (2015: US\$2,599,041) respectively.

4. Turnover

Turnover represents net invoiced value of goods sold less discount allowed.

5. Other Income

	<u>2016</u>	<u>2015</u>
	US\$	US\$
PIC Cash Payout	-	7,843
Government Grant	3,174	-
Miscellaneous Income	7,406	19,052
Fixed Deposit Interest	2,191	3,863
	<u>12,771</u>	<u>30,758</u>

6. Marketing and Distribution Expenses

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Director's Remuneration	63,070	84,303
CPF on Director's Remuneration	5,549	7,442
Advertising and Marketing Expenses	4,855	3,837
	<u>73,474</u>	<u>95,582</u>

7. Administrative Expenses

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Referral Fee	103,638	162,212
Staff Salaries	188,612	155,184
Bank Charges	18,671	48,515
Rental of Premises	55,388	42,144
Corporate Guarantee	-	40,000
Insurance	56,451	29,757
Foreign Exchange Losses	13,117	11,355
Commission	62,169	15,129
Transport and Travelling Expenses	13,560	12,306
CPF	11,466	12,030
Others	70,366	60,789
	<u>593,438</u>	<u>589,421</u>

8. Finance Costs

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Overdraft Interest	3,622	11,120
LC Charges	23,592	-
	<u>27,214</u>	<u>11,120</u>

9. Income Tax Expense

	<u>2016</u>	<u>2015</u>
	US\$	US\$
(a) Current Income Tax		
On The Result for The Year	17,905	3,193
Over Provision In Respect of Prior Year	-	(359)
	<u>17,905</u>	<u>2,834</u>

9. Income Tax Expense - continued

(b) Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial year ended were as follows:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Profit before Taxation	<u>369,106</u>	<u>89,735</u>
Tax Calculated at Tax Rate of 17% (2015: 17%)	62,748	15,255
Expenses Not Deductible for Tax Purposes	301	972
Income Not Subject to Tax	(540)	(657)
Current Year Capital Allowance	(774)	(386)
Losses Brought Forward	-	(5,212)
Tax Exemption	(25,925)	(5,412)
Tax Rebate	(17,905)	(1,367)
Over Provision in Prior Year	-	(359)
Tax Expense	<u>17,905</u>	<u>2,834</u>

	<u>2016</u>	<u>2015</u>
	US\$	US\$
(c) Movement In Provision For Taxation		
Balance at The Beginning of The Financial Year	3,193	-
Tax Charge for Current Financial Year	17,905	3,193
Balance at The End of The Financial Year	<u>21,098</u>	<u>3,193</u>

10. Plant and Equipment

	Computers	Furniture and Fittings	Office Equipment	Renovations	Total
	US\$	US\$	US\$	US\$	US\$
COST					
As at 01 April 2014	7,439	5,430	8,426	15,943	37,238
Additions	1,208	636	-	-	1,844
As at 31 March 2015	8,647	6,066	8,426	15,943	39,082
Additions	-	-	3,733	-	3,733
As at 31 March 2016	<u>8,647</u>	<u>6,066</u>	<u>12,159</u>	<u>15,943</u>	<u>42,815</u>
ACCUMULATED DEPRECIATION					
As at 01 April 2014	4,240	4,405	6,058	15,122	29,825
Charge for the year	1,431	905	562	821	3,719
As at 31 March 2015	5,671	5,310	6,620	15,943	33,544
Charge for the year	715	453	600	-	1,768
As at 31 March 2016	<u>6,386</u>	<u>5,763</u>	<u>7,220</u>	<u>15,943</u>	<u>35,312</u>
CARRYING AMOUNT					
As at 31 March 2016	<u>2,261</u>	<u>303</u>	<u>4,939</u>	<u>-</u>	<u>7,503</u>
As at 31 March 2015	<u>2,976</u>	<u>756</u>	<u>1,806</u>	<u>-</u>	<u>5,538</u>

11. Cash and Bank Balances

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Cash at Bank	840,417	137,029
Cash on Hand	932	280
	<u>841,349</u>	<u>137,309</u>

At statement of financial position date, the following amounts are denominated in foreign currencies:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
United Arab Emirates Dirham Dollar	1,278	1,278
Singapore Dollars	335,788	6,879
United States Dollars	504,283	129,152
	<u>841,349</u>	<u>137,309</u>

12. Fixed Deposits

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Fixed Deposits	<u>156,747</u>	<u>155,874</u>

The above has been pledged with bankers in order to secure banking facilities (Note 20)

Fixed deposits have a maturity of 12 months (2015: 3 months) from the end of the financial year. The interest rate on the fixed deposits is 0.75% (2015: 0.95%) per annum.

13. Trade Receivables

The credit period is between 0 – 30 days (2015: 0 – 30 days). No interest is charges on trade receivables.

14. Other Receivables

	<u>2016</u>	<u>2015</u>
	US\$	US\$
GST Receivables	609,556	1,923,272
Advances	-	663,575
Prepayments	-	2,779
Deposits	13,798	9,415
	<u>623,354</u>	<u>2,599,041</u>

15. Amount Due From Holding Company

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Trade	141,870	26,675
Non-Trade	-	333,329
	<u>141,870</u>	<u>360,004</u>

Amount due from holding company is unsecured, interest free and repayable on demand.

16. Inventories

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Finished goods comprising IT equipments	-	1,352,185

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US\$66,000,675 (2015: US\$45,688,489).

17. Trade Payables

The credit period is between 0 – 30 days (2015: 0 – 30 days). No interest is charges on trade payables.

18. Other Payables

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Other Payables	2,165,236	3,659,817
Advances	-	83,807
Accruals	8,265	26,717
	<u>2,173,501</u>	<u>3,770,341</u>

The amounts are unsecured, interest free and repayable upon demand.

19. Dividends

During the financial year, one tier tax exempt final dividend of US\$ 1.67 (2015: US\$ 0.11) per share amounting to US\$ 250,000 (2015: US\$ 17,359) approved and declared in respect of the current financial year.

20. Amount Due to Bankers

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Trust Receipts	-	99,376
Bank Overdraft	-	228,247
	<u>-</u>	<u>327,623</u>

Bank Overdraft – Secured

The bank overdraft bears interest at a rate of 3% (2015: 3%) per annum above bank's prescribed rate. The total limit of this facility is US\$ 250,000. The bank overdraft is repayable by 25.02.2016 or such time as the bank deems fit.

Trust Receipt – Secured

This bears interest at 3.76% (2015: 3.74%) per annum. The trust receipt is repayable within 90 days from the commencement of invoice financing.

The above facilities were secured on the following;

- 1) Personal guarantee of a director of the Company
- 2) Pledge of the Company's fixed deposit and interest accrued on the same (**Note 12**)
- 3) Corporate guarantee in the holding company

21. Share Capital

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	No. of Shares		US\$	US\$
Issued and Fully Paid Ordinary Shares	<u>150,000</u>	<u>150,000</u>	<u>100,000</u>	<u>100,000</u>

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

22. Operating Lease Commitments

At the statement of financial position date, the Company has the following future minimum lease payments under non-cancellable operating lease:

	2016	2015
	US\$	US\$
Payable Within 1 Year	55,298	110,849
Payable Within 2 to 5 Years	6,912	115,819
	<u>62,210</u>	<u>226,668</u>

23. Significant Related Parties Transactions

Compensation of Key Management Personnel were as follows:

	2016	2015
	US\$	US\$
Director's Remuneration	63,070	84,303
CPF on Director's Remuneration	5,549	7,442

	2016	2015
	US\$	US\$
<u>Transaction with holding company</u>		
Sales	439,966	1,740
Purchases	1,334,132	5,988,875
Corporate Guarantee	-	40,000
Commission Expenses	62,169	15,129
Dividend	<u>250,000</u>	<u>17,359</u>

24. Contingent Liabilities

Details and estimates of maximum contingent liabilities are as follows:

	2016	2015
	US\$	US\$
Letter of Credit	<u>13,021</u>	<u>51,123</u>

The above bank facilities represent a letter of credit discounting with a limit of US\$250,000 bearing interest at 0.125% per month or part thereof with a minimum of 0.25% for 2 months but less than US\$40 per month. The facility is secured by an LC application signed by the Company and charge on goods covered by LC.

25. Financial Instruments
(a) Fair Values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The carrying amount of the financial assets and financial liabilities approximate their fair values.

The Company does not anticipate that the carrying amounts recorded at statement of financial position date would be significantly different from the values that would eventually be received or settled.

25. Financial Instruments - continued

(b) Classification of Financial Instruments – continued

The following tables set out the classification of financial instruments at the end of the reporting periods:

<u>2016</u>	Loans and Receivables	Liabilities at Amortised Cost	Total
	US\$	US\$	US\$
Financial Assets			
Cash and Bank Balances	841,349	-	841,349
Fixed Deposits	156,747	-	156,747
Trade Receivables	774,977	-	774,977
Other Receivables	623,354	-	623,354
Amount Due from Holding Company	141,870	-	141,870
Financial Liabilities			
Trade Payables	-	150,000	150,000
Other Payables	-	2,173,501	2,173,501
 <u>2015</u>			
Financial Assets			
Cash and Bank Balances	137,309	-	137,309
Fixed Deposits	155,874	-	155,874
Trade Receivables	1,665,544	-	1,665,544
Other Receivables	1,932,687	-	1,932,687
Amount Due from Holding Company	360,004	-	360,004
Financial Liabilities			
Trade Payables	2,056,979	-	2,056,979
Other Payables	3,686,534	-	3,686,534
Dividend Payable	17,359	-	17,359
Amount Due to Bankers	327,623	-	327,623

26. Financial Risk Management

(a) Interest Rate Risk

The interest rate risk exposure is mainly arise from changes in floating interest rate. The Company is not exposed to significant interest rate risk as it does not have any significant interest bearing assets or liabilities, except for finance lease payable which is subject to fixed interest rate. Accordingly, sensitively analysis is not disclosed.

(b) Credit Risk

The Company adopts 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 Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Company's major classes of financial assets are fixed deposits, bank deposits and trade receivables.

Customers' payment profile and credit exposure are continuously monitored by the management. The Company's trade receivables include 3 debtors (2015: 1 debtor) that individually represented 95% (2015: 37%) of trade receivables at statement of financial position date.

26. Financial Risk Management - continued

(b) Credit Risk - continued

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit ratings as determined by international credit rating agencies. Trade receivables and loan to immediate holding corporation and third party corporations that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due but not impaired

There is no class of financial assets that is past due and/or impaired except for trade receivables as follows:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Past due and not impaired:</u>		
Past due by 1 to 3 months	-	427,010
Past due by over 3 months	-	204,164
	<u>-</u>	<u>631,174</u>

(c) Liquidity Risk

Liquidity risk arises in the general funding of the Company's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Company manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the shareholders.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the materiality profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2016			Total US\$	2015			Total US\$
	One year or less US\$	Two to five years US\$	More than five years US\$		One year or less US\$	Two to five years US\$	More than five years US\$	
Financial Assets								
Cash and Bank								
Balances	841,349	-	-	841,349	137,309	-	-	137,309
Fixed Deposits	156,747	-	-	156,747	155,874	-	-	155,874
Trade								
Receivables	774,977	-	-	774,977	1,665,544	-	-	1,665,544
Other								
Receivables	623,354	-	-	623,354	1,932,687	-	-	1,932,687
Amount Due from Holding Company	141,870	-	-	141,870	360,004	-	-	360,004
Total Undiscounted Financial Assets	<u>2,538,297</u>	<u>-</u>	<u>-</u>	<u>2,538,297</u>	<u>4,251,418</u>	<u>-</u>	<u>-</u>	<u>4,251,418</u>
Financial Liabilities								
Trade Payables	150,000	-	-	150,000	2,056,979	-	-	2,056,979
Other Payables	2,173,501	-	-	2,173,501	3,686,534	-	-	3,686,534
Dividend Payable	-	-	-	-	17,359	-	-	17,359
Amount Due to Bankers	-	-	-	-	327,623	-	-	327,623
Total Undiscounted Financial Liabilities	<u>2,323,501</u>	<u>-</u>	<u>-</u>	<u>2,323,501</u>	<u>6,088,495</u>	<u>-</u>	<u>-</u>	<u>6,088,495</u>
Total Net Undiscounted Financial Assets/ (Liabilities)	<u>214,796</u>	<u>-</u>	<u>-</u>	<u>214,796</u>	<u>(1,837,077)</u>	<u>-</u>	<u>-</u>	<u>(1,837,077)</u>

27. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to externally imposed capital requirements. The Management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes since the last financial year.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including trade and other payables and bank borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as total equity plus net debt, as shown on the statement of financial position.

	<u>2016</u> US\$	<u>2015</u> US\$
Total Trade and Other Payable, Dividend Payable and Bank Borrowings	2,323,501	6,172,302
Less: Cash and Cash Equivalents	<u>(841,349)</u>	<u>(137,309)</u>
Net Debt	1,482,152	6,034,993
Total Equity	<u>201,201</u>	<u>100,000</u>
Total Capital	<u>1,683,353</u>	<u>6,134,993</u>
Gearing Ratio	<u>0.88 times</u>	<u>0.98 times</u>

28. Reclassifications of Comparative Figures

Certain reclassification have been made to prior year's financial statements to enhance comparability with current year's financial statements. As a results, certain line items have been amended on the face of the Statement of Financial Position. Comparative figures have been adjusted to conform with current year's presentation. The reclassification were not significant.

The items reclassified were as follows:

	<u>As Previously Reported</u> US\$	<u>Prior Year Adjustment</u> US\$	<u>As Restated</u> US\$
<u>Statement of Financial Position</u>			
Fixed Deposits	165,289	(9,415)	155,874
Other Receivables	<u>2,589,626</u>	<u>9,415</u>	<u>2,599,041</u>
	<u>2,754,915</u>	<u>-</u>	<u>2,754,915</u>

29. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the director's report.

COMPUAGE INFOCOM (S) PTE. LTD.

 Detailed Profit and Loss Account for the
 year ended 31 March 2016

	2016	2015
	US\$	US\$
Turnover	67,955,357	46,831,603
Cost of Sales		
Opening Inventories	1,352,185	414,469
Purchases	64,648,490	46,626,205
Freight Charges	904,221	388,014
Closing Inventories	-	(1,352,185)
	(66,904,896)	(46,076,503)
Gross Profit	1,050,461	755,100
Other Income		
PIC Cash Payout	-	7,843
Government Grant	3,174	-
Miscellaneous Income	7,406	19,052
Interest Income	2,191	3,863
	12,771	30,758
Marketing and Distribution Expenses		
Director's Remuneration	63,070	84,303
CPF on Director's Remuneration	5,549	7,442
Advertising and Marketing Expenses	4,855	3,837
	(73,474)	(95,582)
Administrative Expenses		
Audit Fees	7,659	7,881
Bank Charges	18,671	48,515
Bad Debts Written Off	6,411	-
Commission	62,169	15,129
Corporate Guarantees	-	40,000
CPF	11,466	12,030
Depreciation of Plant and Equipment	1,768	3,718
Discount Allowed	982	8,415
Entertainment and Refreshment	625	293
Foreign Exchange Losses	13,117	11,355
Foreign Workers Levy and SDL	12,891	3,022
General Expenses	7,164	6,276
Handling and Storage Charges	8,327	10,853
Insurance	56,451	29,757
Legal and Professional Fees	3,471	4,527
Referral Fees	103,638	162,212
Postage and Courier	3,962	620
Packing Expenses	2,301	-
Printing and Stationeries	1,266	1,401
Rental of Premises	55,388	42,144
Repair and Maintenance	4,562	3,962
Staff Salaries	188,612	155,184
Telephone and Internet	6,052	6,606
Transport and Travelling Expenses	13,560	12,306
Utilities	2,925	3,215
	(593,438)	(589,421)

COMPUAGE INFOCOM (S) PTE. LTD.Detailed Profit and Loss Account for the
year ended 31 March 2016
- continued

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Finance Costs		
Overdraft Interest	3,622	11,120
LC Charges	23,592	-
	(27,214)	(11,120)
Profit before Taxation	<u>369,106</u>	<u>89,735</u>

The above statement does not form part of the audited financial statements