

COMPUAGE INFOCOM LIMITED

(Singapore Branch)

Branch Reg No: T15FC0104C

Audited Financial Statements for the year ending 31 March
2017

AAA Assurance PAC
Public Accountants and Chartered Accountants
180B Bencoolen Street,
#12-05 The Bencoolen,
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DIRECTORS

Ganesh Shiva Ganesh
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Vijay Kumar Agarwal
Bhavesh Harkishandas Mehta
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AGENTS

Logaraj s/o Pusaiduray
Nurashikin @ Jainty D/O Selvarajoo

REGISTERED OFFICE

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Singapore 408561

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In our opinion,

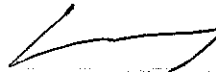
the accompanying statement of financial position, statement of comprehensive income, statement of changes in head office accounts and statement of cash flows together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Branch's operations Singapore as at 31 March 2017, and the financial performance, changes in the head office accounts and cash flows of the Branch's operations in Singapore for the financial year then ended, and

- (i) at the date of this statement, there are reasonable grounds to believe that the Branch's operations in Singapore will be able to pay its debts as and when they fall due.

Signed by,



Nurashikin @ Jainty D/O Selvarajoo
Local Agent



Logaraj s/o Pusaiduray
Local Agent

Singapore

24 APR 2017



AAA ASSURANCE PAC

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**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

**INDEPENDENT AUDITOR'S REPORT PERSUANT TO SECTION 373 OF THE
SINGAPORE COMPANIES ACT**

**Compuage Infocom Limited, Singapore Operations
(Incorporated in India)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Singapore operations of **COMPUAGE INFOCOM LIMITED (SINGAPORE BRANCH)** ("the Branch"), which comprise the statement of financial position of the Branch as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in the head office accounts and statement of cash flows of the Branch for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The Branch is a segment of Compuage Infocom Limited and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

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

Basis for Opinion

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



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**INDEPENDENT AUDITOR'S REPORT PERSUANT TO SECTION 373 OF THE
SINGAPORE COMPANIES ACT – Continued**

Other Information

Management is responsible for the other information. The other information comprises the Statement by Agents [set out on page 2].

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

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements of the Branch, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Branch's financial reporting process.



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INDEPENDENT AUDITOR'S REPORT PERSUANT TO SECTION 373 OF THE
SINGAPORE COMPANIES ACT – Continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Branch as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT PERSUANT TO SECTION 373 OF THE
SINGAPORE COMPANIES ACT – Continued**

Auditor's Responsibilities for the Audit of the Financial Statements – Continued

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

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

Report on Other Legal and Regulatory Requirements

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

AAA ASSURANCE PAC
Public Accountants and Chartered Accountants

Singapore
24 APR 2017

	<u>Note</u>	<u>Year From</u> <u>1.4.2016 to</u> <u>31.3.2017</u> US\$	<u>Period From</u> <u>30.7.2015 to</u> <u>31.3.2016</u> US\$
Turnover	4	136,532,043	49,879,405
Cost of Sales		(136,000,892)	(49,501,739)
Gross Profit		531,151	377,666
Other Income		8,535	-
Administrative Expenses		(414,187)	(67,186)
Finance Costs		(24,061)	(1,352)
Profit Before Tax	5	101,438	309,128
Income Tax Expense	6 (a)	(6,981)	(13,313)
Profit for the Year/ Period, Representing Total Comprehensive Income for the Year/ Period (Transferred to Head Office Account)		94,457	295,815

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

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
NON-CURRENT ASSETS			
Plant and Equipment	7	9,672	-
Current Assets			
Bank Balances	8	386,469	1,000,152
Trade Receivables	9	5,086,160	3,587,556
Other Receivables		584,740	469,873
Inventories	10	4,370,612	4,452,047
		<u>10,427,981</u>	<u>9,509,628</u>
Less: Current Liabilities			
Trade Payables	11	10,012,239	9,168,638
Other Payables	12	14,848	31,862
Provision for Taxation		20,294	13,313
		<u>10,047,381</u>	<u>9,213,813</u>
Net Current Assets		380,600	295,815
Net Assets		<u><u>390,272</u></u>	<u><u>295,815</u></u>
Represented by:			
Head Office Account		<u><u>390,272</u></u>	<u><u>295,815</u></u>

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

	Head Office Accounts
	<u>US\$</u>
At 30 July 2015 (Date of Registration)	-
Profit for the Period, Representing Total Comprehensive Income for the Period	295,815
Balance at 31 March 2016	<u>295,815</u>
Profit for the Year, Representing Total Comprehensive Income for the Year	94,457
Balance at 31 March 2017	<u><u>390,272</u></u>

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

	<u>Year From</u> <u>1.4.2016 to</u> <u>31.3.2017</u> US\$	<u>Period From</u> <u>30.7.2015 to</u> <u>31.3.2016</u> US\$
Cash Flows From Operating Activities		
Profit before Taxation	101,438	309,128
Adjustments:		
Depreciation of Plant and Equipment	4,836	-
Interest Expense	24,061	1,352
Operating Profit before Working Capital Changes	130,335	310,480
Working Capital Changes:		
Trade Receivables	(1,498,604)	(3,587,556)
Other Receivables	(114,867)	(469,873)
Inventories	81,435	(4,452,047)
Trade Payables	843,601	9,168,638
Other Payables	(17,014)	31,862
Net Cash (Used in) / Generated From Operating Activities	(575,114)	1,001,504
Cash Flows From Financing Activities		
Interest paid	(24,061)	(1,352)
Purchase of Plant and Equipment	(14,508)	-
Net Cash Flows Used In Financing Activities	(38,569)	(1,352)
Net (Decrease)/Increase in Cash and Cash Equivalents	(613,683)	1,000,152
Cash and Cash Equivalents at the Beginning of the Financial Period	1,000,152	-
Cash and Cash Equivalents at The End of the Financial Period	386,469	1,000,152
Comprising of:		
Bank Balances	386,469	1,000,152

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

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

1. Domicile and Activities

Compuage Infocom Limited, Singapore Branch (the “Branch”) is registered and domiciled in the Republic of Singapore. The Branch’s registered office and place of business is located at 69 Ubi Crescent, #03-04 CES Building, Singapore 408561.

The Branch is a segment of Compuage Infocom Limited (the “Head Office”), incorporated in Mumbai, India, and is not a separately incorporated legal entity. The financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally. The results of the operations are transferred to head Office at the end of each financial year.

The principal activities of the Branch are those general wholesale trade and general importers and exporters.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Branch 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 Branch’s functional currency. All financial information presented in United States Dollars has been rounded to the nearest one-dollar, unless otherwise indicated.

2.2 Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Branch has adopted all the new and revised standards which are relevant to the Branch and are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any material effect on the financial statements.

2.3 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 2016, and have not been applied in preparing these financial statements. The Branch does not plan to early adopt these standards.

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

Description	Effective for annual periods beginning on or after
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019

2. Significant Accounting Policies – Continued

2.3 Standards Issued But Not Yet Effective – Continued

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

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. Key issues for the Branch include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. During 2017, the Branch performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Branch is in a business of trading in electronics and telecommunication equipment. The Branch expects the following impact upon adoption of FRS 115:

(a) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Branch recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Branch defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Branch continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Branch expects that application of the constraint may result in more revenue being deferred than is under current FRS.

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

2. Significant Accounting Policies – Continued

2.3 Standards Issued But Not Yet Effective – Continued

Transition - Continued

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

- identifying the satisfied and unsatisfied performance obligations;
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Branch plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

2.4 Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Branch 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 monetary items at the reporting period are recognised in profit or loss.

2.5 Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured 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 property, 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
Office Equipment	3 Years

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.

2. Significant Accounting Policies – Continued

2.5 Plant and Equipment-continued

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 derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of Non-Financial Assets

The Branch assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Branch makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial Instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch 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.

Financial assets are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch 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.

2. Significant Accounting Policies – Continued

2.7 Financial Instruments - continued

a) Financial assets - continued

Initial recognition and measurement - continued

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 trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents 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.

b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch 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.

2. Significant Accounting Policies – Continued

2.7 Financial Instruments – Continued

b) 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.

2.8 Impairment of Financial Assets

The Branch 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 Branch 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 Branch 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 Branch considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2. Significant Accounting Policies – Continued

2.9 Cash and Cash Equivalents

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

2.10 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 costs 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.

2.11 Provisions

General

Provisions are recognised when the Branch 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.

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.

2.12 Employee benefits

a) Defined contribution plans

The Branch makes contributions to the Central Provident Fund 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.

b) 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 Branch 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 estimated reliably.

2. Significant Accounting Policies – Continued

2.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Branch 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 or duty.

Sale 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.

2.14 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation 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.

b) Deferred tax

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.

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 legally 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.

c) Sales tax

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

- 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
- 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.

2. Significant Accounting Policies – Continued

2.15 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.

2.16 Related Party

A related party is defined as follows:

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

Key management personnel is defined as follows:

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Branch.

3. Significant Accounting Judgments and Estimates

The preparation of the Branch'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 and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3. Significant Accounting Judgments and Estimates – Continued

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

3.1 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Branch based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Branch. Such changes are reflected in the assumptions when they occur.

a) Useful Lives of Plant and Equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Branch's plant and equipment as at 31 March 2017 was US\$9,672 (2016: US\$NIL).

b) Inventory Valuation Method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Branch's inventories as at 31 March 2017 was US\$4,370,612 (2016: US\$4,452,047).

c) Impairment of receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Branch's trade and other receivables as at 31 March 2017 were US\$5,086,160 (2016: US\$3,587,556) and US\$584,740 (2015: US\$469,873) respectively.

4. Turnover

Turnover represents the sales of computer hardware and software, net of trade discounts and returns.

5. Profit before Tax

Profit before tax is arrived at after charging/ (crediting) the following:

	<u>1.4.2016 to</u> <u>31.3.2017</u>	<u>30.7.2015 to</u> <u>31.3.2016</u>
	US\$	US\$
Employee Benefits Expense:		
Staff Salaries	253,104	27,786
CPF	20,212	3,364
Office Rental	<u>58,086</u>	<u>-</u>

6. Income Tax Expense

	<u>1.4.2016 to</u> <u>31.3.2017</u>	<u>30.7.2015 to</u> <u>31.3.2016</u>
	US\$	US\$
(a) Current Income Tax		
On the result for the period	<u>6,981</u>	<u>13,313</u>

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

	<u>1.4.2016 to</u> <u>31.3.2017</u>	<u>30.7.2015 to</u> <u>31.3.2016</u>
	US\$	US\$
Profit before Taxation	<u>101,438</u>	<u>309,128</u>
Tax Calculated At Tax Rate of 17%	17,244	52,551
Tax Effect on Non-deductible Items	822	-
Tax Exemption	(9,341)	(25,925)
Tax Rebate	(1,744)	(13,313)
Tax Expense	<u>6,981</u>	<u>13,313</u>

7. Plant and Equipment

	Computers	Office Equipment	Total
	US\$	US\$	US\$
Cost			
Balance as at incorporation date and at 31/3/2016	-	-	-
Additions	4,984	9,524	14,508
Balance as at 31/3/2017	<u>4,984</u>	<u>9,524</u>	<u>14,508</u>
Accumulated Depreciation			
Balance as at incorporation date and at 31/3/2016	-	-	-
Charge for financial year	1,564	3,272	4,836
Balance as at 31/3/2017	<u>1,564</u>	<u>3,272</u>	<u>4,836</u>
Net Carrying Amount			
Balance as at 31/3/2017	<u>3,420</u>	<u>6,252</u>	<u>9,672</u>
Balance as at 31/3/2016	<u>-</u>	<u>-</u>	<u>-</u>

8. Bank Balances

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

	2017	2016
	US\$	US\$
Singapore Dollars	76,246	94,172
United States Dollars	310,223	905,980
	<u>386,469</u>	<u>1,000,152</u>

9. Trade Receivables

The trade receivables credit period is between 0 – 30 days (2016: 0 – 30 days). No interest is charged on trade receivables.

10. Inventories

	2017	2016
	US\$	US\$
Finished goods comprising IT equipment	3,082,765	4,452,047
Goods in transit	1,287,847	-
	<u>4,370,612</u>	<u>4,452,047</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounts to US\$134,637,595 (2016: US\$ 49,371,023).

11. Trade Payables

The credit period is between 0 – 30 days (2016:0 – 30 days). No interest is charges on trade payables.

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

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Singapore Dollars	83,413	344,931
United States Dollars	9,928,826	8,823,707
	<u>10,012,239</u>	<u>9,168,638</u>

12. Other Payables

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

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Singapore Dollars	14,848	9,862
United States Dollars	-	22,000
	<u>14,848</u>	<u>31,862</u>

13. Significant Related Parties Transactions

	<u>1.4.2016 to</u>	<u>30.7.2015 to</u>
	<u>31.3.2017</u>	<u>31.3.2016</u>
	US\$	US\$
<u>Transaction with related Branch</u>		
Sales	-	148,604
Purchases	-	493,783
	<u>-</u>	<u>642,387</u>

14. Contingent Liabilities

Details and estimates of maximum contingent liabilities are as follows:

	<u>2017</u>	<u>2016</u>
	US\$	US\$
Letter of guarantee	<u>498,117</u>	<u>-</u>

15. 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.

15. Financial Instruments – Continued

(a) Fair Values

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

The Branch 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.

(b) Classification of Financial Instruments

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

<u>2017</u>	Loans and Receivables	Liabilities at Amortised Cost	Total
	US\$	US\$	US\$
Financial Assets			
Bank Balances	386,469	-	386,469
Trade Receivables	5,086,160	-	5,086,160
Other Receivables	584,740	-	584,740
Financial Liabilities			
Trade Payables	-	10,012,239	10,012,239
Other Payables	-	14,848	14,848
<u>2016</u>			
Financial Assets			
Bank Balances	1,000,152	-	1,000,152
Trade Receivables	3,587,556	-	3,587,556
Other Receivables	469,873	-	469,873
Financial Liabilities			
Trade Payables	-	9,168,638	9,168,638
Other Payables	-	31,862	31,862

16. Financial Risk Management

(a) Interest Rate Risk

The interest rate risk exposure mainly arises from changes in floating interest rate. The Branch is not exposed to significant interest rate risk as it does not have any significant interest bearing assets or liabilities. Accordingly, sensitively analysis is not disclosed.

(b) Credit Risk

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

16. Financial Risk Management – Continued

(b) Credit Risk – Continued

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 Branch'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 Branch's trade receivables include 3 debtor (2016:1) that individually represented 48% (2016: 84%) of trade receivables at statement of financial position date.

There are no financial assets that are past due or impaired at the reporting date.

(c) Liquidity Risk

Liquidity risk arises in the general funding of the Branch'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 Branch 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 head office account.

Analysis of financial instruments by remaining contractual maturities

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

	2017	
	One year or less US\$	Total US\$
<u>Financial Assets</u>		
Bank Balances	386,469	386,469
Trade Receivables	5,086,160	5,086,160
Other Receivables	584,740	584,740
Total Undiscounted Financial Assets	6,057,369	6,057,369
<u>Financial Liabilities</u>		
Trade Payables	10,012,239	10,012,239
Other Payables	14,848	14,848
Total Undiscounted Financial Liabilities	10,027,087	10,027,087
Total Net Undiscounted Financial Liabilities	(3,969,718)	(3,969,718)

16. Financial Risk Management – Continued

(c) Liquidity Risk – Continued

	2016	
	One year or less	Total
	US\$	US\$
<u>Financial Assets</u>		
Bank Balances	1,000,152	1,000,152
Trade Receivables	3,587,556	3,587,556
Other Receivables	469,873	469,873
Total Undiscounted Financial Assets	<u>5,057,581</u>	<u>5,057,581</u>
<u>Financial Liabilities</u>		
Trade Payables	9,168,638	9,168,638
Other Payables	31,862	31,862
Total Undiscounted Financial Liabilities	<u>9,200,500</u>	<u>9,200,500</u>
Total Net Undiscounted Financial Liabilities	<u>(4,142,919)</u>	<u>(4,142,919)</u>

17. Comparative Figures

The financial statements for 31 March 2016 cover the financial period from 30 July 2015 to 31 March 2016. The financial statements for 31 March 2017 cover the twelve months ended 31 March 2017. As such, the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in head office accounts, the statement of cash flows and the related notes for the current year and previous financial period are not comparable.

The financial statements for the financial period ended 31 March 2016 were audited by us which expressed a qualified opinion on those financial statements dated 2 May 2016. Below is the basis for qualified opinion expressed by us. The matter raised as described below has been resolved and taken into account in the financial statements for the year 2017.

“The Branch reconcile the difference of US\$947,120 for one of the major supplier statement received. They recognised the liability in the subsequent year instead of the current financial year due to consistent with the Company accounting policy. This represents a departure from the requirements of Singapore Financial Reporting Standards (FRS) 1, which requires the recorded of liability based on the point where the risks and rewards of the ownership are transferred.”

18. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Head office’s directors issued on the date of statement of agent.

COMPUAGE INFOCOM LIMITED
(Singapore Branch)

Detailed Profit or Loss Account
For the Year Ended 31 March 2017

	Year Ended 2017 USD	Period Ended 2016 USD
REVENUE	136,532,043	49,879,405
COST OF SALES		
Opening Inventories	4,452,047	-
Purchases	134,556,160	53,823,070
Freight and Other Charges	1,363,297	130,716
Closing inventories	(4,370,612)	(4,452,047)
	<u>136,000,892</u>	<u>49,501,739</u>
Gross Profit	531,151	377,666
Other Income		
Interest Income	1,067	-
PIC Cash Grant	6,627	-
Others	841	-
	8,535	-
ADMINISTRATIVE EXPENSES		
Audit Fees	5,447	5,932
Advertisement and Recruitment	4,605	-
Bank Charges	15,161	1,967
CPF	20,212	3,364
Depreciation of Plant and Equipment	4,836	-
Foreign Exchange Losses	11,723	1,093
Foreign Workers Levy and SDL	13,136	49
General Expenses	189	-
Handling and Storage Charges	1,655	7,579
Insurance	1,124	15,831
Legal and Professional fees	-	175
Medical Expenses	287	-
Office Rental	58,086	-
Packing Materials	-	160
Printing and Stationery	2,458	-
Professional Fees	2,267	-
Referral Fees	-	2,410
Repair and Maintenance	8,420	484
Staff Salaries	253,104	27,786
Staff Welfare	1,098	-
Subscription Fees	285	-
Utility	2,537	-
Telephone	3,761	-
Transport and Travelling	3,796	356
	(414,187)	(67,186)
FINANCE COSTS		
LC charges	(24,061)	(1,352)
PROFIT BEFORE TAXATION	<u>101,438</u>	<u>309,128</u>

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