

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in Singapore)
ACRA Registration No: 201613944W

**FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD
FROM 23 MAY 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017**

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VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

The directors are pleased to present their statement to the members together with the audited financial statements of Vama Technologies Pte. Ltd. (the "Company") for the financial period from 23 May 2016 (date of incorporation) to 31 March 2017.

1. 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 2017 and the financial performance, changes in equity and cash flows of the company for the period then ended;

(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.

2. Directors

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

VEGESNA ATCHYUTA RAMA RAJU
BALARAM RAMESH

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was 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.

4. Directors' interest in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| Name of the director | Direct interest (no of shares) | | Deemed interest (no of shares) | |
|---|--|------------------------------------|--|------------------------------------|
| | At the beginning of the financial period | At the end of the financial period | At the beginning of the financial period | At the end of the financial period |
| VEGESNA ATCHYUTA RAMA RAJU Ultimate holding company | | | | |
| Ordinary shares in Vama Industries Limited | 2,211,024 | 12,555,120 | 154,900 | 774,500 |

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

5. Options granted

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

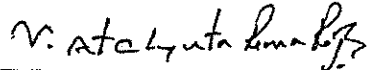
There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

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

6. Auditor

MGI N Rajan Associates has expressed its willingness to accept re-appointment.

The Board of Directors,



VEGESNA ATCHYUTA RAMA RAJU
Director



BALARAMAN RAMESH
Director

DATE: 27 MAY 2017



MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAMA TECHNOLOGIES PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vama Technologies Pte. Ltd. (the Company), which comprise the statement of financial position as at 31 March 2017, and 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 period from 23 May 2016 (date of incorporation) to 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement [set out on pages 2 to 3].

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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G. Natarajan, P.S. Somasekharan, D. Govindaraj

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's 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 casts significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in 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 deficiencies in the internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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



**MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: **27 MAY 2017**

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017

| | NOTE | US\$ |
|--|-----------|------------------------------|
| Revenue | | 3,648,218 |
| Cost of sales | | <u>(3,305,451)</u> |
| Gross profit | | 342,767 |
| Administrative and other expenses | | (7,368) |
| Profit before tax | 4 | <u>335,399</u> |
| Income tax expense | 5a | <u>(31,303)</u> |
| Net profit for the period | | 304,096 |
| Other comprehensive income | | <u>-</u> |
| Profit for the period, representing total comprehensive income for the period | | <u><u>304,096</u></u> |

*The annexed notes form an integral part of and
should be read in conjunction with these financial statements*

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

| | Note | US\$ |
|-------------------------------|------|------------------|
| Current Assets | | |
| Cash and cash equivalents | 6 | 89,705 |
| Trade and other receivables | 7 | 2,275,695 |
| Inventories | 8 | 4,383,027 |
| | | <u>6,748,427</u> |
| Total assets | | <u>6,748,427</u> |
| EQUITY AND LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 9 | 6,382,506 |
| Due to holding company | 10 | 24,522 |
| Taxation | 5b | 31,303 |
| | | <u>6,438,331</u> |
| Net Assets | | <u>310,096</u> |
| Capital and reserves | | |
| Share capital | 11 | 6,000 |
| Retained earnings | | 304,096 |
| Total Equity | | <u>310,096</u> |

The annexed notes form an integral part of and should be read in conjunction with these financial statements

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL
PERIOD FROM 23 MAY 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017

| | Share capital US\$ | Retained earnings US\$ | Total US\$ |
|--|--------------------------|------------------------------|----------------|
| At 23 May 2016 (Date of incorporation) | 6,000 | - | 6,000 |
| Profit for the period, representing total comprehensive income for the period | - | 304,096 | 304,096 |
| At 31 March 2017 | 6,000 | 304,396 | 310,096 |

*The annexed notes form an integral part of and
should be read in conjunction with these financial statements*

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 23 MAY 2016
(DATE OF INCORPORATION) TO 31 MARCH 2017

| | NOTE | US\$ |
|--|------|----------------------|
| Cash flows from operating activities | | |
| Profit before tax | 4 | 335,399 |
| Working capital: | | |
| Inventories | | (4,383,027) |
| Trade receivables | | (2,275,695) |
| Trade payables | | 6,382,506 |
| Cash generated from operations | | <u>59,183</u> |
| Income tax paid | | - |
| Net cash flows from operating activities | | <u>59,183</u> |
| Cash flows from financing activities | | |
| Issue of shares | | 6,000 |
| Loan from holding company | | 24,522 |
| Net cash flows from financing activities | | <u>30,522</u> |
| Net increase in cash & cash equivalents | | 89,705 |
| Cash & cash equivalents at the beginning of the period | | - |
| Cash & Cash equivalents at 31 March 2017 | 6 | <u><u>89,705</u></u> |

*The annexed notes form an integral part of and
should be read in conjunction with these financial statements*

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

1. GENERAL INFORMATION

Vama Technologies Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office and principal place of business at 10 Jalan Besar, # 10-03, Sim Lim Tower, Singapore- 208787.

The principal activity of the Company is that of providing information technology and computer service activities (eg disaster recovery services).

The immediate and ultimate holding company is Vama Industries Limited which is incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 under 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.

2.2 Standards issued but not yet issued

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued 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 |
| Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Date to be determined |
| 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 |
| Amendments to FRS 102; Classification and Measurement of Share-Based Payment Transactions | 1 Jan 2018 |

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 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 monetary items at the reporting period are recognised in profit or loss.

2.4 Financial instruments

a) 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.

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 holding company, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

b) 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, and bank borrowings

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.

2.5 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 amortized costs

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Impairment of financial assets (Continued)

Financial assets carried at amortized costs (Continued)

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.

2.6 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 Company's cash management.

2.7 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.

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.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.8 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Revenue recognition

a) 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.

b) Interest income

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

2.10 Tax

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Related party

A party is considered to be related to the Company if:-

- a) The party directly or indirectly through one or more intermediaries,
 - i) controls, is controlled by, or is under common control with, the Company;
 - ii) has an interest in the Company that gives it significant influence over the Company
 - iii) has joint control over the Company;
- b) The party is an associate;
- c) The party is a jointly-controlled entity;
- d) The party is a member of the key management personnel of the Company or its parent;
- e) The party is a close member of the family of any individual referred to in a) or d); or
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly referred to in d) or e); or
- g) The party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company.

2.12 Operating leases as lessee

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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

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 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.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

3.3 Key sources of estimation uncertainty

a) 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 Company's inventories as at 31 March 2017 was US\$4,383,027.

b) Impairment of loans and receivables

The impairment of trade and other receivables and loan to the holding company 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 Company's trade and other receivables as at 31 March 2017 were US\$2,186,384.

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

4. Profit before tax

| | For the period from 23/05/2016 to 31/03/2017 US\$ |
|-----------------------------------|--|
| Profit is arrived after charging: | |
| Cost of inventory sold | 2,817,224 |
| Consulting charges | 431,909 |
| Freight charges | 56,318 |

5. Taxation

| | For the period from 23/05/2016 to 31/03/2017 US\$ |
|-------------------------------|--|
| Current year provision | <u>31,303</u> |

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's profit as a result of the following:

| | For the period from 23/05/2016 to 31/03/2017 US\$ |
|--|--|
| Profit before taxation | <u>335,399</u> |
| Tax @ statutory rate of 17% | 57,018 |
| Tax effect on non-deductible | - |
| Tax effect on non-taxable income | - |
| Deferred tax asset not recognised | - |
| Singapore statutory stepped income exemption | (18,557) |
| Exchange difference adjustment | - |
| Rebate | (7,158) |
| Under provision in prior year | - |
| Tax expense | <u>31,303</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

6. CASH & CASH EQUIVALENTS

| | 2017 US\$ |
|---------------|---------------|
| Cash at banks | 89,705 |
| | <u>89,705</u> |

7. TRADE AND OTHER RECEIVABLES

| | 2017 US\$ |
|--|-------------------------|
| Trade receivables: | |
| Trade debtors | <u>2,107,647</u> |
| Trade advance: | |
| Trade advance | <u>74,353</u> |
| Other receivables: | |
| Deposit | 4,384 |
| Prepaid expense | <u>89,311</u> |
| Total trade and other receivables | <u>2,275,695</u> |

Receivables that are past due but not impaired

The trade receivables amounting to US\$2,107,647 that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:-

Trade receivables past due:

| | 2017 US\$ |
|---------------------|-------------------------|
| Lesser than 30 days | 1,438,630 |
| 30 – 60 days | 105,126 |
| 60 – 90 days | 339,065 |
| More than 90 days | <u>224,826</u> |
| | <u>2,107,647</u> |

8. INVENTORIES

| | 2017 US\$ |
|---|------------------|
| Statement of financial position: | |
| Finished goods held for sale | <u>4,383,027</u> |
| Statement of profit and loss: | |
| Inventories recognized as an expense in cost of sales | <u>2,817,224</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

9. TRADE AND OTHER PAYABLES

| | 2017 US\$ |
|------------------------|------------------|
| Trade payables: | |
| Due to holding company | 49,716 |
| Trade creditors | 6,327,242 |
| | <u>6,376,958</u> |
| Other payables: | |
| Accruals | 5,548 |
| | <u>6,382,506</u> |

10. DUE TO HOLDING COMPANY

This non-trade amount is unsecured, interest- free with no fixed repayment terms.

11. SHARE CAPITAL

The Company's share capital comprise fully paid-up 8,680 ordinary shares with no par value, amounting to a total of US\$6,000. 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.

12. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

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

| | 2017 US\$ |
|----------------------|------------------|
| Net debt | 6,317,323 |
| Total equity | 310,096 |
| Total capital | <u>6,627,419</u> |
| Gearing ratio | <u>95.32%</u> |

13. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The Company's exposures to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates

The Company's operational activities are mainly carried out in United States Dollars. The risk arising from movements in foreign exchange rates is insignificant.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company does not have any fixed or variable interest bearing instruments.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit in relation to each class of recognized financial assets is represented by the carrying amount of each financial asset as indicated in the balance sheet. The Company currently has trade receivable of US\$669,017 and US\$1,438,630 from two debtors.

Cash is held with financial institutions of good standing.

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

13. FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company maintains sufficient level of cash and cash equivalents and has available adequate amount from the head office to meet its working capital requirements.

All payables are due within 1 year.

d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

e) Fair value instruments by category

The carrying amount of the different categories of financial instruments is as follows:-

| | 2017 US\$ |
|--|------------------|
| <u>Loans and receivables</u> | |
| Trade and other receivables | 2,112,031 |
| Cash and cash equivalents | 89,705 |
| | <u>2,201,736</u> |
| <u>Financial liabilities measured at amortised cost</u> | |
| Trade and other payables | 6,382,506 |
| Amount due to holding company | 24,522 |
| | <u>6,407,028</u> |

14. RELATED PARTY DISCLOSURES

In addition to the related party information disclosed elsewhere in the financial statements, the following are related parties trading transactions during the financial period ended 31 March 2017 and were at terms and rates agreed between the parties:-

| | 2017 US\$ |
|--|----------------|
| Purchase | 575,000 |
| Consulting charges paid to holding company | 381,342 |
| Expense paid by holding company on behalf of the Company | 9,852 |
| Loan received from holding company | 14,170 |
| | <u>980,864</u> |

15. COMPARATIVES

There are no comparative figures as this is the first year of audit since the date of incorporation, 23 May 2016.

VAMA TECHNOLOGIES PTE. LTD.
(Incorporated in the Republic of Singapore)

(This does not form part of audited financial statements)

DETAILED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 23 May 2016 (Date of incorporation) to 31 March 2017

| | 2017 US\$ |
|------------------------------|-----------------------|
| Revenue | |
| Sales | 3,648,218 |
| Less: Cost of sales | |
| Opening stock | - |
| Purchases | (7,200,251) |
| Closing Stock | 4,383,027 |
| | <u>(2,817,224)</u> |
| Less: Direct expenses | |
| Consulting charges | (431,909) |
| Freight charges | (56,318) |
| Gross profit | <u>342,767</u> |
| Less: Expenditure | |
| Audit fee | (4,295) |
| Bank charges | (1,820) |
| Secretarial fee | (716) |
| Taxation fee | (537) |
| | <u>(7,368)</u> |
| Net profit before tax | <u><u>335,399</u></u> |