

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

**FINANCIAL STATEMENTS -31 MARCH 2018**

<b>CONTENTS</b>	<b>PAGE NO.</b>
STATEMENT BY DIRECTORS	2-3
INDEPENDENT AUDITOR'S REPORT	4-5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10

**VAMA TECHNOLOGIES PTE. LTD.**  
(Incorporated in Singapore)

**DIRECTORS' STATEMENT**  
*For the financial year ended 31 March 2018*

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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 year ended 31 March 2018.

**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 2018 and the financial performance, changes in equity and cash flows of the company for the year 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 year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
<b>VEGESNA ATCHYUTA RAMA RAJU</b> Ultimate holding company Ordinary shares in Vama Industries Limited	12,555,1220	12,555,120	774,500	774,500

VAMA TECHNOLOGIES PTE. LTD.  
(Incorporated in Singapore)

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2018*

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**5. Options granted**

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

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

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

**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: **28 MAY 2018**



## MGI N RAJAN ASSOCIATES

PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS SINGAPORE

### INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

We were engaged to audit the financial statements of Vama Technologies Pte. Ltd. (the Company), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

The company's trade receivables include a sum of US\$ 516,813 due from two customers that have been long overdue at the year end. However the management is confident of recovery of the said amount in full if given time and no allowances for impairment were made. We were unable to obtain sufficient appropriate audit evidence to convince our-self for the recoverability of the said receivables. Hence, we are unable to determine the effect of any adjustment that may be required in relation to the recoverability of the said amount of trade receivables.

#### Material uncertainty related to going concern

As stated in Note 2.1 & Note 7 the Company's trade receivables include a sum of US\$ 516,813/- which are long overdue from two customers. In the event that the company does not realise the said receivable fully, the profit for the year would have resulted into a loss of US\$ 362,933 and current liability will exceed current assets by US\$ 327,837 and total equity would have resulted into deficit of US\$ 327,837/- .These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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 Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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

MGI is a worldwide association of independent auditing, accounting and consulting firms.  
Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

**INDEPEDENT AUDITOR'S REPORT TO THE MEMBERS OF VAMA TECHNOLOGIES PTE. LTD.(Cont'd)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**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.



**MGIN RAJAN ASSOCIATES  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS**

Singapore

Date:

**28 MAY 2018**

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS	NOTE	2018 US\$	2017 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	22,303	89,705
Trade and other receivables	7	554,760	2,275,695
Inventories	8	-	4,383,027
		<b>577,063</b>	<b>6,748,427</b>
<b>TOTAL ASSETS</b>		<b>577,063</b>	<b>6,748,427</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	33,950	6,382,506
Due to holding company	10	354,137	24,522
Taxation	5b	10,343	31,303
		<b>398,430</b>	<b>6,438,331</b>
<b>NET ASSETS</b>		<b>178,633</b>	<b>310,096</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	6,000	6,000
Retained Earnings		172,633	304,096
		<b>178,633</b>	<b>310,096</b>

*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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	For the year from 1 Apr 2017 to 31 Mar 2018 US\$	For the period from 23 May 2016 to 31 Mar 2017 US\$
Revenue		5,527,287	3,648,218
Cost of sales		(5,344,351)	(3,305,451)
<b>Gross profit</b>		<b>182,936</b>	<b>342,767</b>
Other income		53	-
		<b>182,989</b>	<b>342,767</b>
Administrative and other expenses		(29,109)	(7,368)
<b>Profit before tax</b>	<b>4</b>	<b>153,880</b>	<b>335,399</b>
Taxation	<b>5a</b>	(10,343)	(31,303)
<b>Net profit for the year/period</b>		<b>143,537</b>	<b>304,096</b>
Other comprehensive income		-	-
<b>Profit for the year/period, representing total comprehensive income for the year</b>		<b>143,537</b>	<b>304,096</b>

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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 YEAR ENDED 31 MARCH 2018

	Issued Capital	Retained Earnings	Total
	US\$	US\$	US\$
Balance as at the date of incorporation	6,000	-	6,000
Issue of shares during the period	-	-	-
Total comprehensive income for the period		304,096	304,096
<b>Balance as at 31 March 2017</b>	<b>6,000</b>	<b>304,096</b>	<b>310,096</b>
Issue of shares during the year	-	-	-
Dividend paid during the year (note 16)		(275,000)	(275,000)
Total comprehensive income for the year	-	143,537	143,537
<b>Balance as at 31 March 2018</b>	<b>6,000</b>	<b>172,633</b>	<b>178,633</b>

*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 YEAR ENDED 31 MARCH 2018

	NOTE	For the year from 1 Apr 2017 to 31 Mar 2018 US\$	For the period from 23 May 2016 to 31 Mar 2017 US\$
<b>Cash used in / flows from operating activities</b>			
Profit for the year/period before tax		143,537	335,399
<b>Operating profit before working capital changes:</b>			
Increase / (decrease) in inventories		4,383,027	(4,383,027)
Decrease / (increase) in trade receivables		1,720,935	(2,275,695)
(Increase) / increase in trade payables		(6,348,556)	6,382,506
<b>Cash generated from operations</b>		<b>(101,057)</b>	<b>59,183</b>
Tax (paid)		(20,960)	-
Dividend paid		(275,000)	-
<b>Net cash generated from operating activities</b>		<b>(397,017)</b>	<b>59,183</b>
<b>Cash flows from financing activities</b>			
Issue of shares		-	6,000
Loan from holding company		329,615	24,522
<b>Net cash flows from financing activities</b>		<b>329,615</b>	<b>30,522</b>
Net increase in cash & cash equivalents		(67,402)	89,705
Cash & cash equivalents at the beginning of the year		89,705	-
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>5</b>	<b>22,303</b>	<b>89,705</b>

*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)*

**NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018**

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**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.

The financial statements of the Company have been prepared on a going concern basis notwithstanding that the Company has receivables amounting to US\$ 516,813/- which are long overdue from two customers. In the event that the company does not realise the said receivable fully, the profit for the year would have resulted into a loss of US\$ 362,933 and current liability will exceed current assets by US\$ 327,837 and total equity would have resulted into deficit of US\$ 327,837/- .These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of its ultimate holding company, Vama Industries Limited, to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

If the Company were unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 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 2017, 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 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.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (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.

2.5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) 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.

b) Goods and services 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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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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 2018 was Nil (2017: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 2018 were US\$554,760/- (2017: US\$ 2,275,695/-).

4. Profit before tax

	For the year ended 31/03/2018	For the period from 23/05/2016 to 31/03/2017
	US\$	US\$
Profit is arrived after charging:		
Cost of inventory sold	5,092,899	2,817,224
Consulting charges	143,374	431,909
Freight charges	108,078	56,318

5. Taxation

	For the year ended 31/03/2018	For the period from 23/05/2016 to 31/03/2017
	US\$	US\$
Current year provision	10,343	31,303

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

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

Taxation (Cont'd)

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 year ended 31/03/2018	For the period from 23/05/2016 to 31/03/2017
	US\$	US\$
<b>a.) Tax expense</b>		
Profit before taxation	153,880	335,399
Tax @ statutory rate of 17%	26,160	57,018
Tax effect on non-deductible	-	-
Tax effect on non-taxable income	-	-
Deferred tax asset not recognised	-	-
Singapore statutory stepped income exemption	(13,395)	(18,557)
Exchange difference adjustment	-	-
Rebate	(2,553)	(7,158)
Others	131	-
<b>Tax expense</b>	<b>10,343</b>	<b>31,303</b>

**b.) Movement in current income tax liabilities**

	2018 US\$	2017 US\$
Balance at the beginning of the year	31,303	-
Income tax paid	(31,303)	-
Current tax expense	10,343	31,303
<b>Balance at the year end</b>	<b>10,343</b>	<b>31,303</b>

**6. CASH & CASH EQUIVALENTS**

	2018 US\$	2017 US\$
Cash at banks	22,303	89,705
	<b>22,303</b>	<b>89,705</b>

**7. TRADE AND OTHER RECEIVABLES**

	2018 US\$	2017 US\$
<b>Trade receivables:</b>		
Trade debtors	550,376	2,107,647
<b>Trade advance:</b>		
Trade advance	-	74,353
<b>Other receivables:</b>		
Deposit	4,384	4,384
Prepaid expense	-	89,311
<b>Total trade and other receivables</b>	<b>554,760</b>	<b>2,275,695</b>

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

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

TRADE AND OTHER RECEIVABLES (Cont'd)

Receivables that are past due but not impaired

The trade receivables amounting to US\$550,376 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:	2018 US\$	2017 US\$
Lesser than 30 days	-	1,438,630
30 – 60 days	-	105,126
60 – 90 days	-	339,065
More than 90 days	550,376	224,826
	<u>550,376</u>	<u>2,107,647</u>

8. INVENTORIES

Statement of financial position:	2018 US\$	2017 US\$
Finished goods held for sale	-	4,383,027
<b>Statement of profit and loss:</b>		
Inventories recognized as an expense in cost of sales	5,092,899	2,817,224

9. TRADE AND OTHER PAYABLES

	2018 US\$	2017 US\$
<b>Trade payables:</b>		
Due to holding company	-	49,716
Trade creditors	28,042	6,327,242
	<u>28,042</u>	<u>6,376,958</u>
<b>Other payables:</b>		
Accruals	5,908	5,548
	<u>33,950</u>	<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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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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.

	2018 US\$	2017 US\$
Net debt	365,784	6,317,323
Total equity	178,633	310,096
Total capital	<u>544,417</u>	<u>6,627,419</u>
Gearing ratio	67.18%	95.32%

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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

13. FINANCIAL RISK MANAGEMENT (Continued)

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\$14,347, US\$99,501 and US\$436,528 from three debtors.

Cash is held with financial institutions of good standing.

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:-

	2018 US\$	2017 US\$
<b><u>Loans and receivables</u></b>		
Trade and other receivables	554,760	2,112,031
Cash and cash equivalents	22,303	89,705
	<u>577,063</u>	<u>2,201,736</u>
<b><u>Financial liabilities measured at amortised cost</u></b>		
Trade and other payables	33,950	6,382,506
Amount due to holding company	354,137	24,522
	<u>388,087</u>	<u>6,407,028</u>

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

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2018

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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 year ended 31 March 2018 and were at terms and rates agreed between the parties:-

	2018	2017
	US\$	US\$
Purchase	-	575,000
Consulting charges paid to holding company	143,374	381,342
Expense paid by holding company on behalf of the Company	-	9,852
Loan received from holding company	354,137	14,170
Dividend paid to holding company	275,000	-
	<u>772,511</u>	<u>980,864</u>

15. COMPARATIVES

The accounts are not comparable with that of the previous financial period ended 31 March 2017 as the accounts for the current period has been drawn up from 1 April 2017 to 31 March 2018, while that of the previous period was from 23 May 2016 to 31 March 2017.

16. DIVIDEND

The Company paid final dividend of US\$ 31.68 per share totaling to US\$ 275,000 for the previous year on total shares outstanding on that date. The dividend paid has been accounted for in the shareholders funds as an appropriation of "accumulated profits" in the current financial year.

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

DETAILED STATEMENT OF COMPREHENSIVE  
 INCOME  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018 US\$	2017 US\$
<b>Revenue</b>		
Sales	5,527,287	3,648,218
<b>Less: Cost of sales</b>		
Opening stock	(4,383,027)	-
Purchases	(709,872)	(7,200,251)
Closing stock	-	4,383,027
	<b>(5,092,899)</b>	<b>(2,817,224)</b>
<b>Less: Direct expenses</b>		
Consulting charges	(143,374)	(431,909)
Freight Charges	(108,078)	(56,318)
	<b>182,936</b>	<b>342,767</b>
<b>Gross profit</b>		
<b>Other income</b>		
Exchange gain	53	-
	<b>53</b>	<b>-</b>
<b>Less: Expenditure</b>		
Audit Fees	(5,867)	(4,295)
Bank charges	(15,728)	(1,820)
Professional charges	(5,624)	-
Secretarial fee	762.37	(716)
Taxation Fee	(1,128)	(537)
	<b>(29,109)</b>	<b>(7,368)</b>
<b>Net profit before tax</b>	<b>153,880</b>	<b>335,399</b>

(This does not form part of audited financial statements)