

SPARK44 SINGAPORE PTE. LIMITED

Annual Financial Statements

For the year ended March 31, 2018

SPARK44 SINGAPORE PTE. LIMITED

Registration No.: 201523182E

(Incorporated in Singapore)

UNAUDITED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

IMPORTANT NOTICE

This document is in DRAFT form and INCOMPLETE. It is subject to review and change and therefore its contents cannot be relied upon as being accurate.

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

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The directors present this statement to the members together with the audited financial statements of the Spark44 Singapore Pte. Limited (the "Company") for the financial year 31 March 2018.

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; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Avanesh Sharma
Specht Ralf
Hynds Monica

Arrangement to enable directors to acquire shares or debentures

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

Directors' interest in shares and debentures

According to the director's shareholdings required to be kept under Section 164 of the Companies Act, Cap 50, none of the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Share options

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

No shares have been 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.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

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Auditors

PlanPartners PAC, have expressed their willingness to accept re-appointment as auditors.

Avanesh Sharma
Director

Ralf Specht
Director

Singapore,

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spark44 Singapore Pte. Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and 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 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 2018 and of the financial performance, changes in equity and cash flows of the Company 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 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. 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 1 to 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, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**
(continued)

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.

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

Our objectives 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 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 Company'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 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.

Incorporating the following:

Patrick Lee & Co., practicing since 1973
PS Tay & Co., practicing since 1984
K S Liaw & Co., practicing since 1976
KPHO & Associates, practicing since 1987

PlanPartners PAC is a Public Accounting Corporation established under the Singapore Companies Act, Cap 50 with limited liability. Company & GST Registration No. 201117522Z

Public Accountants & Chartered Accountants
138 Cecil Street #18-00 Cecil Court Singapore 069538
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Directors
Dean Tow (Managing)
Lawrence Phong
Patrick Lee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**
(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 Company have been properly kept in accordance with the provisions of the Act.

PlanPartners PAC
*Public Accountants and
Chartered Accountants*

Singapore,

Incorporating the following:

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STATEMENT OF FINANCIAL POSITION*As at 31 March 2018*

	Note	2018 \$	2017 \$
ASSETS			
Non-current assets			
Plant and equipment	4	<u>13,455</u>	5,085
Total non-current assets		<u>13,455</u>	5,085
Current assets			
Trade receivables	5	219,956	70,283
Other receivables	6	202,682	195,942
Cash and cash equivalents	7	<u>214,138</u>	60,478
Total current assets		<u>636,776</u>	326,703
Total assets		<u>650,231</u>	<u>331,788</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	1	1
Retained earnings/(Accumulated losses)		<u>342,171</u>	93,930
Total equity		<u>342,172</u>	93,931
Current liabilities			
Other payables	9	285,497	233,082
Provision for taxation	10	<u>22,562</u>	4,775
Total current liabilities/Total liabilities		<u>308,059</u>	237,857
Total equity and liabilities		<u>650,231</u>	<u>331,788</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the financial year ended 31 March 2018***IMPORTANT NOTICE**

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	Note	2018 \$	2017 \$
Revenue	11	805,000	676,800
<i>Other items of income</i>			
Management fee		442,968	441,716
Gain on foreign currency exchange difference		8,181	-
		451,149	441,716
<i>Other items of expense</i>			
Employee benefits expense	12	(628,031)	(716,639)
Depreciation of plant and equipment	4	(4,412)	(3,002)
Other expenses		(357,678)	(287,674)
		(990,121)	(1,007,315)
Profit before tax	13	266,028	111,201
Income tax expense	10	(17,787)	(4,775)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		248,241	106,426

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
At 1 April 2016	1	(12,496)	(12,495)
Profit for the year, representing total comprehensive income for the year	-	106,426	106,426
At 31 March 2017	1	93,930	93,931
Profit for the year, representing total comprehensive income for the year	-	248,241	248,241
At 31 March 2018	1	342,171	342,172

STATEMENT OF CASH FLOW*For the financial year ended 31 March 2018*

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		266,028	111,201
Adjustments for:			
Depreciation of plant and equipment	4	4,412	3,002
Operating profit before working capital changes		270,440	114,203
<i>Movement in working capital:</i>			
Trade receivables		(149,673)	(36,305)
Other receivables		(6,740)	137,692
Other payables		52,415	(513,008)
Net cash from/(used in) operation		166,442	(297,418)
CASH GENERATED FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	4	(12,782)	(3,705)
Net cash used in investing activities		(12,782)	(3,705)
CASH GENERATED FROM FINANCING ACTIVITIES			
Funds transfer from holding company		-	350,000
Repayment to related company		-	(14,972)
Net cash generated from financing activities		-	335,028
NET CHANGE IN CASH AND CASH EQUIVALENTS		153,660	33,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		60,478	26,573
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	7	214,138	60,478

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2018***IMPORTANT NOTICE**

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

1. Domicile and activities

Spark44 Singapore Pte. Limited (the "Company") is domiciled and incorporated in Singapore.

The address of the Company's registered office and principal place of business is at 138 Market Street #36-01/02 CapitaGreen Singapore 048946.

The principal activities of the Company relate to carrying out advertising activities.

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 on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$), which is the Company's functional currency. All financial information presented in Singapore Dollars.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standard 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
INT FRS123	1 Jan 2019
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 116 Leases	1 Jan 2019

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

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018***IMPORTANT NOTICE**

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2. Summary of significant accounting policies (continued)2.4 Foreign currency transactions and balances (continued)

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 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>
Hardware	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.

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

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

2.6 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 trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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2. Summary of significant accounting policies (continued)2.6 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 other payables.

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.

2.7 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

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2. Summary of significant accounting policies (continued)**2.7 Impairment of financial assets (continued)**

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.

The Company 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 Company makes an estimates 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 assets does not generate cash inflows that are largely independent of those from other assets or group 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 of 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.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, and are subject to an insignificant risk of changes in value. These also include short term loan that form an integral part of the Company's cash management.

2.9 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.

2.10 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.

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2. Summary of significant accounting policies (continued)2.10 Taxesb) Deferred tax (continued)

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a 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.

2.11 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.12 Revenue recognition

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

Rendering of services

Revenue from rendering of services is recognised when the services have been performed and rendered.

2.13 Operating leases as lessee

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

2.14 Provisions

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.

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018***IMPORTANT NOTICE**

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2. Summary of significant accounting policies (continued)2.15 Employee benefits

a) Defined contribution plans

The Company 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.16 Government grants

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

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

2.17 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person-

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel or of a parent of the Company.

(b) An entity is related to the Company if any following condition applies-

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group 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 party and the other entity is an associate of third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (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); and
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

IMPORTANT NOTICE

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3. Significant accounting judgments 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.

Judgements 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.

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.

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.

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.

Income taxes

The Company is subject to income taxes in Singapore. Significant judgement is involved in determining the Company-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income taxes and deferred tax provisions in the period in which such determination is made.

Provisions and contingent liabilities

Estimates of the Company's obligations arising from contracts exist as at statement of financial position date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the directors' knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

IMPORTANT NOTICE

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4. Plant and equipment

	<u>Hardware</u>	<u>Total</u>
	\$	\$
<u>Cost</u>		
As at 1.4.2016	5,752	5,752
Additions	3,705	3,705
As at 31.03.2017	9,457	9,457
Additions	12,782	12,782
As at 31.03.2018	22,239	22,239
<u>Accumulated depreciation</u>		
As at 1.4.2016	1,370	1,370
Depreciation for the period	3,002	3,002
As at 31.03.2017	4,372	4,372
Depreciation for the year	4,412	4,412
As at 31.03.2018	8,784	8,784
<u>Carrying value</u>		
As at 31.03.2018	13,455	13,455
As at 31.03.2017	5,085	5,085

5. Trade receivables

	2018	2017
	S\$	S\$
Trade receivables:		
-Non-related parties	-	67,285
-Related parties	219,956	2,998
Total trade receivables	219,956	70,283

Trade receivables are non-interest bearing and are generally on 30 days' terms.

6. Other receivables

	2018	2017
	S\$	S\$
Other receivables:		
Amount owing from related company	154,779	171,269
Deposit	8,580	8,580
Other receivables	28,753	-
Prepayments	10,570	16,093
Total other receivables	202,682	195,942

Amount owing from related company is unsecured, interest free and repayable on demand.

7. Cash and cash equivalents

	2018	2017
	S\$	S\$
Bank balances	214,138	60,478
Cash and cash equivalents in Statement of Financial Position and Statement of Cash Flows	214,138	60,478

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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8. Share capital

	2018 S\$	2017 S\$
Issued and fully paid ordinary shares		
Balance at beginning and at end of the year		
1 Ordinary Share	<u>1</u>	<u>1</u>

The above have no par value.

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

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of share capital and retained earnings. The Company's overall strategy remains unchanged from previous year.

9. Other payables

	2018 S\$	2017 S\$
Other payables:		
Amount due to holding company	116,369	116,369
Accruals	150,729	96,902
Other payables	18,399	19,811
Total other payables	<u>285,497</u>	<u>233,082</u>

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

10. Income tax expense**(a) Tax expense**

	2018 S\$	2017 S\$
Current year income tax	22,562	4,775
Over provision tax in prior year	(4,775)	-
	<u>17,787</u>	<u>4,775</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:-

	2018 S\$	2017 S\$
Profit before tax	<u>266,028</u>	<u>111,201</u>
Income tax expense at statutory rate	45,225	18,904
Non-deductible items	750	1,047
Unabsorbed tax losses carried forward	-	-
Singapore statutory stepped exempt income	(23,413)	(10,401)
Corporate Income Tax Rebate	-	(4,775)
Over provision tax in prior year	(4,775)	-
Total income tax expense	<u>17,787</u>	<u>4,775</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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10. Income tax expense (continued)(b) Tax payable

	2018 \$	2017 \$
Balance at beginning of year	4,775	-
Current year provision	22,562	4,775
Over provision tax in prior year	(4,775)	-
Balance payable at end of year	<u>17,787</u>	<u>4,775</u>

The company has estimated unutilized tax loss carried forward and tax timing differences from capital allowances available for offsetting against future taxable income as follows:-

	2018 S\$	2017 S\$
<u>Unutilised tax losses</u>		
Amount at beginning of year	17,551	17,551
Over provision tax in prior year	(17,551)	-
Amount at end of the year	<u>-</u>	<u>17,551</u>

11. Revenue

Revenue from rendering of services is recognised when the services have been performed and rendered.

12. Employee benefits expense

	2018 S\$	2017 S\$
Bonus and incentive	12,642	103,482
CPF contribution and SDL	15,054	4,658
Director's remuneration	354,046	365,056
Staff salaries and related expenses	246,289	243,443
Total employee benefits	<u>628,031</u>	<u>716,639</u>

13. Profit before tax

	2018 S\$	2017 S\$
<i>This is arrived at after charging:-</i>		
Accommodation	24,406	15,017
Freelancer-billable position	27,045	34,549
Recruitment and training	57,570	35,566
Rental	50,267	43,435
Travel expenses	<u>80,352</u>	<u>77,973</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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14. Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as payables, are as follows:-

	2018	2017
	S\$	S\$
<i>Rental of office premises</i>		
Payable within one year	-	25,603
Payables within one year to five years	-	-
	<u>-</u>	<u>25,603</u>
Rental of office for the financial period	<u>50,267</u>	<u>43,435</u>

The Company leases office premises from third party under operating lease. The lease commenced in July 2015 and terminates in May 2017.

15. Related party transaction

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Director-controlled entities

	2018	2017
	S\$	S\$
Management fee	442,968	441,716
Fund transfer from holding company	-	350,000
Repayment to related company	-	(14,972)
Set-off balance owing from related company	-	(563,375)
Set-off balance owing to holding company	-	563,375
	<u>-</u>	<u>563,375</u>

(b) Key management personnel compensation comprised:

	2018	2017
	S\$	S\$
Directors' remuneration	<u>354,046</u>	<u>365,056</u>

16. Financial risk management*Financial risk factors*

The Company's activities expose it to currency risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management strategy seek to minimize potential adverse effects from the unpredictability of financial markets on the financial performance of the Company.

The directors manage and monitor such exposures to ensure appropriate risk management measures are implemented on timely and effective manners. However, these are not documented in formal written documents. The following guidelines are followed:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- (ii) All financial risk management activities are carried out and monitored by the directors.
- (iii) All financial risk management activities are carried out following market practices.

There has been no significant change to the manner in which it manages and measures these risks.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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16. Financial risk management (continued)*Financial risk factors (continued)**Currency risk*

The Company is exposed to foreign currency risk as a result of its transactions where the denominations differ from its functional currency.

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Great Britain Pound (GBP) and Australian Dollar (AUD) against the Singapore Dollar (SGD). The Company manages the exchange risk by monitoring the movements in exchange rate regularly.

The Company does not enter into any forward contracts to hedge its exposure to movement in exchange rates

At the end of the reporting period, the Company's currency exposure based on the information provided to directors are as follows:

	<u>2018</u>			
	SGD	GBP	AUD	Total
Financial Assets				
Trade receivables (Note 5)	219,956	-	-	219,956
Other receivables (Note 6)				
<i>(excluding prepayment)</i>	37,333	154,779	-	192,112
Cash and cash equivalents (Note 7)	214,138	-	-	214,138
	<u>471,427</u>	<u>154,779</u>	<u>-</u>	<u>626,206</u>
Financial Liabilities				
Other payables (Note 9)	278,719	2,172	4,605	285,496
	<u>278,719</u>	<u>2,172</u>	<u>4,605</u>	<u>285,496</u>
	<u>2017</u>			
	SGD	GBP	AUD	Total
Financial Assets				
Trade receivables (Note 5)	70,283	-	-	70,283
Other receivables (Note 6)				
<i>(excluding prepayment)</i>	8,580	171,269	-	179,849
Cash and cash equivalents (Note 7)	60,478	-	-	60,478
	<u>139,341</u>	<u>171,269</u>	<u>-</u>	<u>310,610</u>
Financial Liabilities				
Other payables (Note 9)	233,082	-	-	233,082
	<u>233,082</u>	<u>-</u>	<u>-</u>	<u>233,082</u>

If the GBP and AUD change against the SGD by 5% respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	<u>2018</u>		<u>2017</u>	
	Increase / (Decrease)		Increase / (Decrease)	
	Loss after tax S\$	Equity S\$	Loss after tax S\$	Equity S\$
GBP against SGD				
- strengthened	6,423	6,423	7,108	7,108
- weakened	(6,423)	(6,423)	(7,108)	(7,108)
AUD against SGD				
- strengthened	(191)	(191)	-	-
- weakened	191	191	-	-
	<u>191</u>	<u>191</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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16. Financial risk management (continued)*Credit risk*

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. Credit risk on cash balances with banks is limited as the counterparties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed of the financial condition of the debtors and a loss from impairment is recognized in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are monitored by the directors. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in these notes to the financial statements.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 days. But some customers take a longer period to settle amounts.

By type of customers

	2018	2017
	S\$	S\$
Non-related parties	-	70,283
Related party	219,956	-

(i) Receivables that are neither past due nor impaired

Ageing analysis of the age of trade receivable amounts that are neither past due nor impaired:

	2018	2017
	\$	\$
Trade receivables that are neither past due nor impaired	218,023	67,285

(ii) Receivables that are past due but not impaired

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired are as follows:

	2018	2017
	\$	\$
Trade receivables:		
31 to 60 days	1,933	2,998

Concentration of trade receivable customers as at the end of reporting year are as follows:

	2018	2017
	\$	\$
Top 1 customer	219,956	70,283

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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16. Financial risk management (continued)

The table below summarises the maturity profile of the Company's financial assets and liabilities at the statement of financial position date based on contractual undiscounted repayment obligations.

	2018		2017	
	One year or less	Total	less	Total
	\$	\$	\$	\$
Financial assets:				
Trade receivables (Note 5)	219,956	219,956	70,283	70,283
Other receivables (Note 6) (excluding prepayments)	192,112	192,112	179,849	179,849
Cash and cash equivalents (Note 7)	214,138	214,138	60,478	60,478
Total undiscounted financial assets	626,206	626,206	310,610	310,610
Financial liabilities:				
Other payables (Note 9)	285,496	285,496	233,082	233,082
Total undiscounted financial liabilities	285,496	285,496	233,082	233,082
Total net undiscounted financial assets	340,711	340,711	77,528	77,528

17. Fair value of financial instruments

Assets and liabilities that are measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

The Company does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1,2 and 3) under FRS 107 *Financial Instruments: Disclosures* does not apply.

Trade receivables

The carrying amounts of these balances approximate their fair values because these are subject to normal trade credit terms.

Cash and cash equivalents, other receivables, other payables

The carrying amounts of these amounts approximate their fair values due to their short-term nature.

18. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

IMPORTANT NOTICE

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18. Capital management (continued)

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. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018 and 31 March 2017.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2017.

19. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on_____.

SPARK44 SINGAPORE PTE. LIMITED**DETAILED INCOME STATEMENT***For the financial year ended 31 March 2018***IMPORTANT NOTICE**

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	2018	2017
	\$	\$
REVENUE		
Services	805,000	676,800
OTHER INCOME		
Management fees	442,968	441,716
Gain on foreign currency exchange difference	8,181	-
	<u>1,256,149</u>	<u>1,118,516</u>
EXPENSES		
Absorbed costs	5,769	478
Accommodation	24,406	15,017
Accountancy, audit and tax fees	22,680	19,480
Bank charges	532	694
Bonus and incentive	12,642	103,482
Conferences	4,707	-
CPF contribution and SDL	15,054	4,658
Depreciation of plant and equipment	4,412	3,002
Directors' remuneration	354,046	365,056
Entertainment	15,749	7,112
Loss on foreign exchange difference	-	625
Freelancer- billable position	27,045	34,549
Gift and donations	182	120
Insurance	19,346	13,866
IT expenses	1,222	1,358
Office supplies	453	553
Postage and courier	9,014	359
Printing and stationery	-	882
Professional fees	2,837	4,187
Recruitment and training	57,570	35,566
Rental	50,267	43,435
Repair and maintenance	-	584
Staff salaries and related expenses	246,289	243,443
Subscription fees	791	706
Sundry expenses	543	22
Telecommunication	10,871	12,392
Transportation expenses	4,546	4,283
Travel expenses	80,352	77,973
Vacation compensation	18,796	13,433
	<u>990,121</u>	<u>1,007,315</u>
PROFIT BEFORE TAX	<u>266,028</u>	<u>111,201</u>

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

SPARK44 SINGAPORE PTE. LIMITED

Registration No.: 201523182E

(Incorporated in Singapore)

UNAUDITED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

IMPORTANT NOTICE

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