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UNITED SPIRITS SINGAPORE PTE. LTD.

(Incorporated in Singapore. Registration Number: No. 201216632N)

ANNUAL REPORT

For the financial year ended 31 March 2017

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

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(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2017

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UNITED SPIRITS SINGAPORE PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2017.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Noor Hansa D/O Jani
Yap Junhong (appointed on 7 March 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Share options

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

No shares were 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.

UNITED SPIRITS SINGAPORE PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

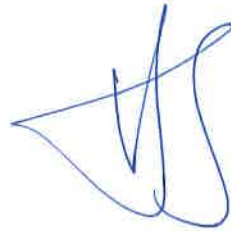
Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept appointment.



Noor Hansa D/O Jani
Director

23 May 2017



Yap Junhong
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF UNITED SPIRITS SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of United Spirits Singapore Pte. Ltd. (the "Company") 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 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year then ended;
- the balance sheet as at 31 March 2017;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority 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.

Other Matter

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 17 May 2016 issued by the predecessor audit firm on the financial statements for the financial year ended 31 March 2016 was unqualified.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF UNITED SPIRITS SINGAPORE PTE. LTD. (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the 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 of 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
UNITED SPIRITS SINGAPORE PTE. LTD. (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.
- 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.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 May 2017

UNITED SPIRITS SINGAPORE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Notes	2017 US\$	2016 US\$
Revenue	3	14,752,071	13,257,012
Cost of sales	6	<u>(14,185,408)</u>	<u>(12,714,662)</u>
Gross profit		566,663	542,350
Other income	4	324,482	1,160,336
Other (losses)/gains	5	(4,614)	4,895
Expenses			
- Distribution and marketing	6	(504,078)	(1,539,810)
- Administrative	6	<u>(153,396)</u>	<u>(144,162)</u>
Profit before income tax		229,057	23,609
Income tax expense	8	<u>-</u>	<u>-</u>
Profit after tax and total comprehensive income for the year		<u>229,057</u>	<u>23,609</u>

The accompanying notes form an integral part of these financial statements.

UNITED SPIRITS SINGAPORE PTE. LTD.**BALANCE SHEET***As at 31 March 2017*

	Notes	2017 US\$	2016 US\$
ASSETS			
Current assets			
Cash and bank deposits	9	6,292	881,796
Trade and other receivables	10	877,690	1,744,792
Other current assets		9,573	33,195
		<u>893,555</u>	<u>2,659,783</u>
Non-current assets			
Property, plant and equipment	11	-	5,595
		<u>893,555</u>	<u>2,665,378</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	823,132	2,824,012
		<u>823,132</u>	<u>2,824,012</u>
NET ASSETS/(LIABILITIES)			
		<u>70,423</u>	<u>(158,634)</u>
EQUITY			
Share capital	13	1	1
Retained profits/(accumulated losses)		70,422	(158,635)
Total equity		<u>70,423</u>	<u>(158,634)</u>

The accompanying notes form an integral part of these financial statements.

UNITED SPIRITS SINGAPORE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	<u>Share capital</u> US\$	Retained profits/ (accumulated <u>losses</u>) US\$	Total <u>equity</u> US\$
2017			
Beginning of financial year	1	(158,635)	(158,634)
Total comprehensive income for the year	-	229,057	229,057
End of financial year	1	70,422	70,423
2016			
Beginning of financial year	1	(182,244)	(182,243)
Total comprehensive income for the year	-	23,609	23,609
End of financial year	1	(158,635)	(158,634)

The accompanying notes form an integral part of these financial statements.

UNITED SPIRITS SINGAPORE PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Notes	2017 US\$	2016 US\$
Cash flows from operating activities			
Profit after tax		229,057	23,609
Adjustments for:			
- Depreciation	6	4,205	10,956
- Net gain on disposal of property, plant and equipment	5	-	(421)
		<u>233,262</u>	<u>34,144</u>
Changes in working capital:			
- Inventories		-	396,729
- Trade and other receivables		867,102	7,538,778
- Other current assets		23,622	28,213
- Trade and other payables		(2,000,880)	(8,095,492)
Cash used in operations		<u>(876,894)</u>	<u>(97,628)</u>
Net cash used in operating activities		<u>(876,794)</u>	<u>(97,628)</u>
Cash flows from investing activities			
Addition to property, plant and equipment	11	-	(877)
Disposal of property, plant and equipment	11	1,390	1,474
Net cash provided by investing activities		<u>1,390</u>	<u>597</u>
Net decrease in cash and cash equivalents		(875,504)	(97,031)
Cash and cash equivalents at beginning of financial year	9	<u>881,796</u>	<u>978,827</u>
Cash and cash equivalents at end of financial year	9	<u>6,292</u>	<u>881,796</u>

The accompanying notes form an integral part of these financial statements.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 9 Battery Road, Straits Trading Building, #15-01, Singapore 049910.

The principal activity of the Company is the marketing and distribution of alcoholic beverages.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

Reclassification of comparative figures

Where necessary, comparative figures in the statement of comprehensive income have been reclassified to conform to current year presentation. These reclassifications have no impact on the profit for the year.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

Revenue from sales of goods is recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured.

Management fee and royalty income are recognized on an accrual basis in accordance with the substance of the relevant agreements and when there is reasonable assurance as to its realization.

2.3 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.6 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

	<u>Useful life</u>
Office equipment	3 years

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Loans and receivables

Bank balances

Trade and other receivables

Bank balances and trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2. Significant accounting policies (continued)

2.9 Loans and receivables (continued)

Bank balances

Trade and other receivables

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.12 Currency translation

The financial statements are presented in United States Dollars, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

UNITED SPIRITS SINGAPORE PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2017*

3. Revenue	2017	2016
	US\$	US\$
Sale of goods	<u>14,752,071</u>	<u>13,257,012</u>
4. Other income	2017	2016
	US\$	US\$
Royalties	324,482	1,060,409
Management fees	-	99,927
	<u>324,482</u>	<u>1,160,336</u>
5. Other (losses)/gains	2017	2016
	US\$	US\$
Net currency exchange (losses)/gains	(4,614)	4,474
Net gain on disposal of property, plant and equipment	-	421
	<u>(4,614)</u>	<u>4,895</u>
6. Expenses by nature	2017	2016
	US\$	US\$
Purchase of inventories	14,185,408	12,714,662
Depreciation of property, plant and equipment	4,205	10,956
Employee compensation (Note 7)	185,212	935,376
Professional fees	122,602	42,424
Impairment loss/(reversal of impairment loss) on trade receivables (Note 14(b)(ii))	64,663	(38,341)
Bank charges	24,147	22,994
Rental on operating leases	20,534	40,962
Marketing expenses	16,574	672
Royalty fees	169,736	488,810
Others	49,801	180,119
Total cost of sales, distribution and marketing expenses and administrative expenses	<u>14,842,884</u>	<u>14,398,634</u>

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

7. Employee compensation

	2017	2016
	US\$	US\$
Wages and salaries	99,827	419,325
Other benefits	85,385	516,051
	185,212	935,376

8. Income tax expense

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2017	2016
	US\$	US\$
Profit before tax	229,057	23,609
Tax calculated at tax rate of 17% (2016:17%)	38,940	4,014
Effects of:		
- expenses not deductible for tax purposes	19,020	6,398
- utilisation of previously unutilised tax losses	(57,960)	(10,412)
Tax charge	-	-

As at the end of the reporting period, the Company has potential benefits available for offsetting against future taxable income from unabsorbed tax losses carried forward of approximately US\$105,656 (2016: US\$435,000).

The realisation of these future income tax benefits will only be obtained if the Company derives future taxable income of sufficient amount to enable the benefits of the deductions to be realised and the Company continues to comply with the conditions for deductibility imposed by the law.

The potential deferred tax benefits from the temporary differences have not been recognised in the financial statements in accordance with its accounting policy.

9. Cash and bank deposits

	2017	2016
	US\$	US\$
Cash at bank	6,292	881,796

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

10. Trade and other receivables

	2017	2016
	US\$	US\$
Trade receivables - Non-related parties	942,353	1,513,852
Less: Allowance for impairment of receivables	(64,663)	-
Trade receivables - net	877,690	1,513,852
Other receivables - Non-related parties	-	230,940
	877,690	1,744,792

11. Property, plant and equipment

	<u>Office equipment</u>
	US\$
2017	
<i>Cost</i>	
Beginning of financial year	33,008
Additions	-
Disposals	(2,681)
End of financial year	<u>30,327</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	27,413
Depreciation charge (Note 6)	4,205
Disposals	(1,291)
End of financial year	<u>30,327</u>
Net book value	
End of financial year	<u>-</u>
2016	
<i>Cost</i>	
Beginning of financial year	36,397
Additions	877
Disposals	(4,266)
End of financial year	<u>33,008</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	19,670
Depreciation charge (Note 6)	10,956
Disposals	(3,213)
End of financial year	<u>27,413</u>
Net book value	
End of financial year	<u>5,595</u>

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

12. Trade and other payables

	2017	2016
	US\$	US\$
Trade payables - Intermediate holding corporation	553,923	2,445,589
Other payables - Non-related parties	82,486	29,459
Other accruals for operating expenses	186,723	198,867
Advances from customers	-	150,097
	823,132	2,824,012

13. Share capital

The Company's share capital comprise 1 (2016: 1) fully paid-up ordinary shares with no par value, amounting to a total of US\$1 (2016: US\$1).

14. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits. Financial risk management is carried out by management.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) *Market risk*

(i) *Currency risk*

The company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) *Interest rate risk*

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are bank deposits and trade and other receivables.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors. The Company's trade receivables include 4 debtors (2016: 6 debtors) that individually represented 86% (2016: 84%) of trade receivables at balance sheet date.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables based on information provided to key management is as follows:

	2017 \$'000	2016 \$'000
<u>By geographical areas</u>		
Middle East	628,740	1,088,478
Africa	289,574	342,819
Others	24,039	82,555
	<u>942,353</u>	<u>1,513,852</u>

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings as determined by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

UNITED SPIRITS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Trade receivables that are past due but not impaired amounting to \$240,203 (2016: \$346,253) are principally less than one month past due. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	2017 US\$	2016 US\$
Past due < 1 month	197,978	167,313
Past due > 3 months	42,225	178,940
	<u>240,203</u>	<u>346,253</u>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2017 US\$	2016 US\$
Gross amount	64,663	-
Less: Allowance for impairment	(64,663)	-
	<u>-</u>	<u>-</u>
Beginning of financial year	-	38,341
Allowance made (Note 10)	64,663	-
Reversal of allowance	-	(38,341)
End of financial year (Note 10)	<u>64,663</u>	<u>-</u>

(c) Liquidity risk

The Company maintains sufficient cash resources and available credit facilities for its operations.

As at balance sheet date, all financial liabilities of the Company have a maturity date of less than one year.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. Financial risk management (continued)

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2016	2015
	\$'000	\$'000
Net debt	816,840	1,942,216
Total equity	70,423	(158,634)
Total capital	887,263	1,783,582

The Company is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The carrying value less impairment provision of current receivables and payables are assumed to approximate their fair values.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2016	2015
	US\$	US\$
Loans and receivables	883,982	2,626,588
Financial liabilities at amortised cost	823,132	2,824,012

The Company is not subject to any externally imposed capital requirements.

15. Immediate, intermediate and ultimate holding corporations

The Company's immediate holding corporation is Asian Opportunities and Investments Limited, incorporated in Mauritius. The Company's intermediate holding corporation is United Spirits Limited, incorporated in India and its ultimate holding corporation is Diageo Plc, incorporated in the United Kingdom.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

16. Related party transactions

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) *Sales and purchase of goods and services*

	2017	2016
	US\$	US\$
Purchase of goods from:		
- Intermediate holding corporation	14,553,850	12,952,862
- Immediate holding corporation		-
Brand royalty paid/payable to intermediate holding corporation	91,728	488,810
Management fees received/receivable from intermediate holding corporation	-	(99,927)
Reimbursement of expenses incurred by the Company from:		
- Intermediate holding corporation	(3,283,733)	(3,155,175)

Outstanding balances at 31 March 2017, arising from purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 10 and 12 respectively.

(b) *Key management personnel compensation*

	2017	2016
	US\$	US\$
Directors' fees	4,062	3,537

17. New or revised accounting standards and interpretations

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 January 2017. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

18. Events occurring after balance sheet date

With effect from 1 April 2017, the Company transferred its business operations to its intermediate holding corporation, United Spirits Limited, incorporated in India. This transfer is expected to be fully completed in the second half of 2018.

19. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of United Spirits Singapore Pte. Ltd. on 23 May 2017.