

COMMONWEALTH CENTRUM ADVISORS LIMITED
(incorporated in Hong Kong with limited liability)

Consolidated Financial Statements
For the year ended 31 March 2017

COMMONWEALTH CENTRUM ADVISORS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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COMMONWEALTH CENTRUM ADVISORS LIMITED

GENERAL INFORMATION

The directors present their report together with the audited consolidated financial statements for the year ended 31 March 2017. These consolidated financial statements are intended solely for the use in connection with the preparation and audit of the consolidated financial statements of Centrum Capital Limited, one of the two joint venture parties of the Company, for the year ended 31 March 2017.

These consolidated financial statements are not the annual statutory consolidated financial statements of the Company.

PRINCIPAL ACTIVITIES

The Company is licensed under the Hong Kong Securities and Futures Ordinance to carry on Type 1 (Dealing in Securities) and Type 4 (Advising on Securities).

The principal activities of the Company are investment holding and the provision of investment advisory services. The principal activities of the Company's subsidiary are set out in note 11 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 March 2017 and the financial position of the Company and the Group at that date are set out on pages 7 to 29.

COMMONWEALTH CENTRUM ADVISORS LIMITED

GENERAL INFORMATION

DIRECTORS

The directors of the Company during the period and up to the date of this report were as follows:-

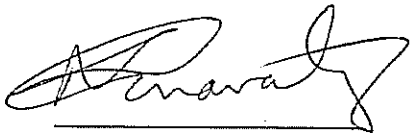
Melwani Haresh Arjandas
Melwani Arjandas Hiranand
Naik Rajendra Sharadchandra
Nanavaty Alok Rajesh

There being no provision in the Company's articles of association to the contrary, all directors continue in office.

AUDITOR

The consolidated financial statements have been audited by BDO Limited.

On behalf of the directors



Nanavaty Alok Rajesh

Hong Kong, 25 May 2017



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INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF COMMONWEALTH CENTRUM ADVISORS LIMITED
(incorporated in Hong Kong with limited liability)

Qualified Opinion

We have audited the consolidated financial statements of Commonwealth Centrum Advisors Limited (the "Company") and its subsidiary (together the "Group") set out on pages 7 to 29 which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Qualified Opinion

As explained in note 3(a), the consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, except no comparative information has been presented in respect of preceding period for all amounts reported in the current year's financial statements. The exclusion of the comparative information in the consolidated financial statements did not comply with Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF COMMONWEALTH CENTRUM ADVISORS LIMITED**
(incorporated in Hong Kong with limited liability)

Emphasis of Matter

We draw attention to note 3(c) to the consolidated financial statements which states that the financial information presented in Indian rupees in the consolidated financial statements is only included as unaudited supplementary information and is not considered an integral part of the consolidated financial statements. Our opinion is not qualified in respect of this matter.

Restriction on distribution

The consolidated financial statements are prepared to assist the preparation and audit of the consolidated financial statements of Centrum Capital Limited for the year ended 31 March 2017. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Company and Centrum Capital Limited and should not be distributed to or used by parties other than the Company and Centrum Capital Limited.

Other information

The directors are responsible for the other information. The other information comprises the information included in the general information set out in on pages 1 to 2.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF COMMONWEALTH CENTRUM ADVISORS LIMITED
(incorporated in Hong Kong with limited liability)

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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. This report is made solely to you, as a body, in accordance with the terms of our engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;



INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF COMMONWEALTH CENTRUM ADVISORS LIMITED
(incorporated in Hong Kong with limited liability)

- conclude on the appropriateness of the directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Limited
Certified Public Accountants
Shiu Hong NG
Practising Certificate no. P03752

Hong Kong, 25 May 2017

COMMONWEALTH CENTRUM ADVISORS LIMITED

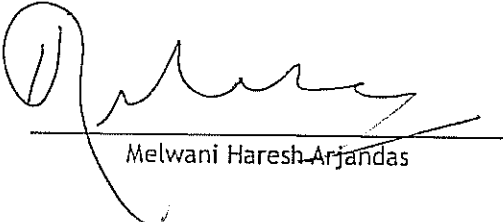
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

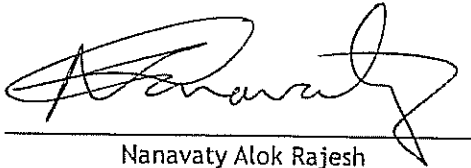
	Notes	HK\$	INR (unaudited)
Turnover	6	2,937,100	24,463,018
Other revenue	7	53,760	447,762
Administrative expenses		(2,858,379)	(23,807,352)
Change in fair value of financial assets at fair value through profit or loss	13	<u>1,446,534</u>	<u>12,048,144</u>
Profit before income tax expense	8	1,579,015	13,151,572
Income tax expense	9(a)	<u>(66,437)</u>	<u>(553,355)</u>
Profit and total comprehensive income for the period		1,512,578	12,598,217
Other comprehensive income that may be reclassified to profit or loss, net of tax: Exchange differences on translating foreign operations		<u>15,186</u>	<u>(1,933,107)</u>
Total comprehensive income for the year		<u>1,527,764</u>	<u>10,665,110</u>

COMMONWEALTH CENTRUM ADVISORS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	HK\$	INR (unaudited)
Non-current assets			
Property, plant and equipment	10	2,541	21,164
Available-for-sale investment	12	777	6,352
		3,318	27,516
Current assets			
Deposits and prepayments		292,545	2,436,594
Financial assets at fair value through profit and loss	13	7,303,120	60,827,468
Cash and cash equivalents		4,673,577	38,926,083
		12,269,242	102,190,145
Current liabilities			
Accruals		143,595	1,195,996
Taxation		2,008	16,727
		<u>145,603</u>	<u>1,212,723</u>
Net current assets		<u>12,123,639</u>	<u>100,977,422</u>
Net assets		<u>12,126,957</u>	<u>101,004,938</u>
EQUITY			
Share capital	14	6,610,564	40,521,078
Reserves		<u>5,516,393</u>	<u>60,483,860</u>
Total equity		<u>12,126,957</u>	<u>101,004,938</u>

These consolidated financial statements were approved and authorised for issue by the board of directors on 25 May 2017.


Melwani Hareesh Arjandas


Nanavaty Alok Rajesh

COMMONWEALTH CENTRUM ADVISORS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital HK\$ (Note 14)	Exchange reserve HK\$	Retained profits HK\$	Reserves HK\$	Total HK\$
Balance at 31 March 2016	6,610,564	(1,361)	3,989,990	3,988,629	10,599,193
Total comprehensive income for the year	-	15,186	1,512,578	1,527,764	1,527,764
Balance at 31 March 2017	<u>6,610,564</u>	<u>13,825</u>	<u>5,502,568</u>	<u>5,516,393</u>	<u>12,126,957</u>
	INR (unaudited) (Note 14)	INR (unaudited)	INR (unaudited)	INR (unaudited)	INR (unaudited)
Balance at 31 March 2016	40,521,078	16,293,167	33,525,583	49,818,750	90,339,828
Total comprehensive income for the year	-	(1,933,107)	12,598,217	10,665,110	10,665,110
Balance at 31 March 2017	<u>40,521,078</u>	<u>14,360,060</u>	<u>46,123,800</u>	<u>60,483,860</u>	<u>101,004,938</u>

COMMONWEALTH CENTRUM ADVISORS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	HK\$	INR (unaudited)
Operating activities		
Profit before income tax expense	1,579,015	13,151,572
Adjustments for:		
Interest income	(24,278)	(202,211)
Fair value gain on financial assets at fair value through profit or loss	(1,446,534)	(12,048,144)
Depreciation	<u>2,536</u>	<u>21,126</u>
Operating cash flows before working capital changes	110,739	922,343
Increase in deposits and prepayments	(224,154)	(1,854,205)
Decrease in amount due from a related company	215,547	1,837,174
Decrease in accruals	<u>(171,743)</u>	<u>(1,491,725)</u>
Cash used in operations	(69,611)	(586,413)
Tax paid	(78,049)	(650,066)
Interest income	21,550	179,490
Effect of foreign currency rate change	<u>(3)</u>	<u>16,917</u>
Net cash used in operating activities and net decrease in cash and cash equivalents	(126,113)	(1,040,072)
Cash and cash equivalents at beginning of year	4,798,451	40,898,638
Effect of foreign exchange rate change	<u>1,239</u>	<u>(932,483)</u>
Cash and cash equivalents at end of year	<u><u>4,673,577</u></u>	<u><u>38,926,083</u></u>

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ORGANISATION AND OPERATIONS

The Company is a private company incorporated in Hong Kong with limited liability. Its registered office is located at 11/F Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.

The Company is jointly held and controlled by Commonwealth Finance Corporation Limited ("CFCL") and Centrum Capital Limited and licenced under section 116(1) of the Hong Kong Securities and Futures Ordinance to carry on Type 1 and Type 4 regulated activities.

These consolidated financial statements are intended solely for the use of Centrum Capital Limited for the preparation and audit of its consolidated financial statements for the year ended 31 March 2017. These consolidated financial statements are not the annual statutory consolidated financial statements of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) Adoption of new/revised HKFRSs - effective 1 April 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these new or revised HKFRSs has no material impact on the Group's consolidated financial statements for both the current and prior reporting periods.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ²
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ²
HKFRS 16	Leases ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are non-statutory and have been prepared solely for the use in connection with the preparation and audit of the consolidated financial statements of Centrum Capital Limited. These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong, except no comparative information has been presented in respect of preceding period for all amounts reported in the current year's financial statements.

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are reported in Hong Kong dollar which is the same as the functional currency of the Company.

The consolidated financial statements are also presented in Indian rupees by translating Hong Kong dollars into Indian rupees at the exchange rate of HK\$1 to INR8.32897 throughout these consolidated financial statements. The financial information presented in Indian rupees in the consolidated financial statements is only included as unaudited supplementary information and is not considered an integral part of the consolidated financial statements.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (the "Group"). Inter-company transactions and balances between group companies are eliminated on consolidation.

On acquisition, the assets and liabilities of the relevant subsidiary are measured at their fair values at the date of acquisition. The non-controlling interests are stated at fair value or at the non-controlling interests' share of the recognised identifiable net assets of the acquiree on a transaction-by-transaction basis.

The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between non-controlling interests and the owners of the Company.

Total comprehensive income and expenses of a subsidiary is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial assets

Financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Loans and receivables

Receivables including amount due from holding company that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial assets at fair value through profit or loss

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial assets - Continued

(iii) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For loans and other current receivables and other financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance amount. When any part of the financial asset is determined as uncollectible, it is written off against the allowance amount for the relevant financial asset.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Financial assets - Continued

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Financial liabilities and equity instrument issued by the Company

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity according to the substance of the contractual arrangement. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Financial liabilities and equity instrument issued by the Company - Continued

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

All the Group's financial liabilities are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method (note 4(c)(v) above), with interest expense recognised on an effective yield basis.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(f) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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, the existence of which 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.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profits for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

COMMONWEALTH CENTRUM ADVISORS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(h) Employees' benefits

(i) Short term benefits

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme or defined contribution plans as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and other legislations are charged to profit or loss when incurred.

(i) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group 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 entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the Group.

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4. PRINCIPAL ACCOUNTING POLICIES - Continued

(i) Related parties - Continued

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business according to the terms of the agreement.

- (i) Performance fee income is recognised in accordance with the substance of the relevant agreement in place.
- (ii) Management fee income is recognised in accordance with the substance of the relevant agreement in place.
- (iii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect of the amounts recognised in financial statements.

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY -
Continued

Impairment of available-for-sale investment

The Group requires significant judgement on determining when the available-for-sale investment is other than temporarily impaired. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. Transactions and calculations may exist for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated 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 tax and deferred tax provisions in the period in which such determination is made.

6. TURNOVER

Turnover represents the invoiced value of services rendered and is analysed as follows:

	HK\$	INR (unaudited)
Management fee	2,853,044	23,762,917
Performance fee	<u>84,056</u>	<u>700,101</u>
	<u>2,937,100</u>	<u>24,463,018</u>

7. OTHER REVENUE

	HK\$	INR (unaudited)
Advisory income	25,000	208,224
Interest on fixed deposit	24,277	202,200
Net exchange gains	4,482	37,327
Bank interest income	<u>1</u>	<u>11</u>
	<u>53,760</u>	<u>447,762</u>

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8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):-

	HK\$	INR (unaudited)
Directors' remuneration:-		
Fees	15,519	129,257
Other emoluments:-		
Salaries and allowances	1,170,000	9,744,895
Pension fund contributions	18,000	149,921
Auditor's remuneration	80,309	668,888
Depreciation	2,536	21,126
Salaries and allowances	936,000	7,795,916
Net exchange gains	<u>(4,482)</u>	<u>(37,327)</u>

9. INCOME TAX EXPENSE

- (a) The amount of income tax expenses in the statement of comprehensive income represents:

	HK\$	INR (unaudited)
Overseas taxation:		
Provision for the year	<u>66,437</u>	<u>553,355</u>

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year. No provision has been made for Hong Kong profits tax as the Company has no assessable profits for the year. Tax on profits of its overseas subsidiary is provided for in accordance with relevant local laws at the applicable rates.

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9. INCOME TAX EXPENSE - Continued

- (b) Income tax expense for the year can be reconciled to the accounting profit as follows:-

	HK\$	INR (unaudited)
Profit before income tax expense	<u>1,579,015</u>	<u>13,151,572</u>
Taxation charge calculated at Hong Kong profits tax rate of 16.5%	260,538	2,170,009
Tax effect of expenses not deductible for taxation purposes	708	5,895
Tax effect of income not taxable for taxation purpose	(256,727)	(2,138,268)
Effect of different tax rate of subsidiary operating in other jurisdiction	(58,179)	(484,568)
Effect of tax exemptions granted to subsidiary	(265,741)	(2,213,348)
Tax effect of tax losses not recognised	<u>385,838</u>	<u>3,213,635</u>
Income tax expense for the year	<u>66,437</u>	<u>553,355</u>

- (c) Deferred tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefits through future taxable profits are probable. The Group did not recognise deferred tax assets in respect of tax losses in Hong Kong amounting to HK\$10,222,964 (INR85,146,760 (unaudited)) due to unpredictability of future profit streams which can be carried forward against future taxable income indefinitely. The tax loss is subject to agreement by the Inland Revenue Department.

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10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	
	HK\$	INR (unaudited)
Cost:		
At 30 June 2015	10,136	83,060
Exchange adjustment	<u>5</u>	<u>3,372</u>
At 31 March 2016	10,141	86,432
Exchange adjustment	<u>20</u>	<u>202</u>
At 31 March 2017	<u>10,161</u>	<u>84,634</u>
Accumulated depreciation:		
At 30 June 2015	3,168	25,954
Charge for the period	1,902	16,213
Exchange adjustment	<u>-</u>	<u>1,045</u>
At 31 March 2016	5,070	43,212
Charge for the year	2,536	21,126
Exchange adjustment	<u>14</u>	<u>(868)</u>
At 31 March 2017	<u>7,620</u>	<u>63,470</u>
Carrying amount:		
At 31 March 2017	<u>2,541</u>	<u>21,164</u>
At 31 March 2016	<u>5,071</u>	<u>43,220</u>

11. SUBSIDIARY

The Company incorporated a wholly owned subsidiary, CCAL Investment Management Ltd. ("CCALIM"), with an issued share capital of US\$150,001. Pursuant to the written resolution passed on 29 October 2012, CCALIM purchased US\$100,000 of its own issued share capital at a total consideration of US\$100,000 from the Company for cancellation. CCALIM is a private company incorporated in Republic of Mauritius and duly licensed by the Financial Services Commission of Republic of Mauritius as an Investment Manager.

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12. AVAILABLE-FOR-SALE INVESTMENT

	HK\$	INR (unaudited)
Level 3		
Investment in Progressive India Fund, at cost	<u>777</u>	<u>6,352</u>

The Group holds 100 management shares of US\$1 each of Progressive India Fund (the "Fund") which is a public company incorporated in Republic of Mauritius. The Fund has been duly licensed by the Financial Services Commission of Republic of Mauritius as an open-ended India focused fund.

The investment is stated at fair value and the directors are of opinion that the fair value of the investment approximates its cost.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	HK\$	INR (unaudited)
Unquoted (Level 2)		
As at 31 March 2016	5,842,518	49,797,529
Change in fair value	1,446,534	12,048,144
Exchange adjustment	<u>14,068</u>	<u>(1,018,205)</u>
As at 31 March 2017	<u>7,303,120</u>	<u>60,827,468</u>

In line with the Private Placement Memorandum of the Fund, on dealing date on 3 January 2013, the Group was entitled to performance fees of US\$89,248 and, based on the net asset value per Class A Series 1 Performance Share of the Fund of US\$10,974, 8.13 Class A Series 1 Performance Shares were issued to the Group, in lieu of cash payment.

On 2 February 2016, the Group was entitled to performance fees of US\$6,830 and, based on the net asset value per Class A Series 1 Performance Share of the Fund of US\$13,021, 0.52 Class A Series 1 Performance Shares were issued to the Company, in lieu of cash payment.

As at 31 March 2017, the Group held 56.759180 (2016: 56.759180) Class A Series 1 Performance Shares of the Fund valued at US\$16,558 (2016: US\$13,273.77) per share based on the net asset of the Fund as at that dated. The fair value gain of US\$186,421 arose during the year was recognised in profit or loss.