

STOR SYSTEMS LTD

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 08 MAY 2018 (DATE OF
INCORPORATION) TO 30 JUNE 2019**

STOR SYSTEMS LTD

FINANCIAL STATEMENTS

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CONTENTS	PAGE
CORPORATE INFORMATION	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	4 - 6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 27
APPENDIX	28

STOR SYSTEMS LTD

CORPORATE INFORMATION

DIRECTORS :	Date of appointment	Date of resignation
Khulputea Jumbraj	08 May 2018	-
Khulputea Sakun	18 June 2018	-
Ruchchan Kiran Kumar	18 June 2018	-

REGISTERED OFFICE : Royal Road,
New Grove,
Republic of Mauritius

AUDITORS : BIT Associates
Chartered Certified Accountants & Registered Auditors
Office No. 121, 1st Floor,
Gateway Building,
St Jean Road,
Quatre Bornes,
Republic of Mauritius

BANK : The Mauritius Commercial Bank Ltd
Sir William Newton Street,
Port-Louis,
Republic of Mauritius

STOR SYSTEMS LTD

DIRECTORS' REPORT

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

The directors are pleased to present their report and audited financial statements of the company for the period ended 30 June 2019.

PRINCIPAL ACTIVITY

Stor Systems Ltd is an Information and Communication Technology company providing end-to-end solutions to customers comprising of IT infrastructure, communication, middleware/database and security. The company is an authorized partner of some major IT brands such as Oracle, IBM, Microsoft, Veritas, Symantec and HP.

RESULTS

The results for the year are shown in the statement of profit or loss and other comprehensive income on page 8.

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

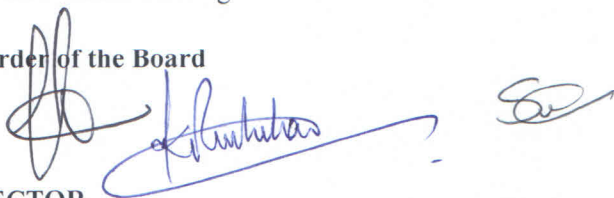
The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors have indicated their willingness to continue in office and will be automatically re-appointed at the next annual meeting.

By Order of the Board



DIRECTOR

Date:

8 NOV 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
STOR SYSTEMS LTD****Report on the Audit of the Financial Statements***Opinion*

We have audited the financial statements of **STOR SYSTEMS LTD** (the Company), set out on pages 7 to 27 which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of **STOR SYSTEMS LTD** as at 30 June 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
STOR SYSTEMS LTD***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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 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 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
STOR SYSTEMS LTD***Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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*Other matter*

This report is made solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to the latter in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body for our audit work, for this report, or for the opinions we have formed.

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



BIT ASSOCIATES
Chartered Certified Accountants
& Registered Auditors



DWARKA SOOCHIT, FCCA, FCMA, CGMA
Licensed by FRC

BIT ASSOCIATES

Quatre Bornes,
Mauritius

Date - 8 NOV 2019

STOR SYSTEMS LTD

STATEMENT OF FINANCIAL POSITION - AS AT 30 JUNE 2019

	Notes	2019 MUR
ASSETS		
Non-current assets		
Property, plant and equipment	5(a)	173,326
Intangible asset	5(b)	41,708
		<u>215,034</u>
Current assets		
Inventory and work in progress	6	4,575,663
Trade receivables	7	19,883,526
Cash and cash equivalents	8	4,339,133
		<u>28,798,322</u>
TOTAL ASSETS		<u><u>29,013,356</u></u>
EQUITY AND LIABILITIES		
Equity and reserves		
Stated capital	9	50,000
Retained earnings		3,417,739
Total equity		<u>3,467,739</u>
Non-current liability		
Borrowings	10	<u>2,581,948</u>
Current liabilities		
Trade and other payables	11	22,619,457
Tax liability	12	344,212
		<u>22,963,669</u>
TOTAL EQUITY AND LIABILITIES		<u><u>29,013,356</u></u>

Approved by the Board of Directors on 8 NOV 2019 and signed on its behalf by:

Name of Directors

Jumbraj Khulpurea

Kiran Bulhan

Signatures




The notes on pages 11 to 27 form an integral part of these financial statements.
Auditors' report on pages 4 to 6.

STOR SYSTEMS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	Notes	2019 MUR
Turnover	3(c)	40,243,361
Cost of sales		(32,547,551)
Gross profit		7,695,810
Administrative expenses		(3,923,217)
Operating expenses		(24,790)
Finance income		14,148
Profit before tax		3,761,951
Taxation	12	(344,212)
Profit after tax		3,417,739
Other comprehensive income/(loss)		-
Total comprehensive income for the period		3,417,739

The notes on pages 11 to 27 form an integral part of these financial statements.
Auditors' report on pages 4 to 6.

STOR SYSTEMS LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	<u>Stated capital</u> <u>MUR</u>	<u>Retained earnings</u> <u>MUR</u>	<u>Total</u> <u>MUR</u>
As at 08 May 2018	-	-	-
Issue of shares	50,000	-	50,000
Total comprehensive income for the period	-	3,417,739	3,417,739
As at 30 June 2019	<u>50,000</u>	<u>3,417,739</u>	<u>3,467,739</u>

The notes on pages 11 to 27 form an integral part of these financial statements.
Auditors' report on pages 4 to 6.

STOR SYSTEMS LTD

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

	<u>Note</u>	<u>2019</u> <u>MUR</u>
Cash flow from operating activities		
Profit before tax		3,761,951
Adjustments for:		
Depreciation		24,790
Operating profit before working capital changes		<u>3,786,741</u>
Changes in working capital		
Increase in inventory		(4,575,663)
Increase in trade receivables		(19,883,526)
Increase in trade and other payables		<u>22,619,457</u>
Cash generated from operating activities		<u>1,947,009</u>
Cash flows from investing activities		
Purchase of property, plant and equipment		(194,324)
Purchase of intangible asset		<u>(45,500)</u>
Net cash flows absorbed into investing activities		<u>(239,824)</u>
Cash flows from financing activities		
Issue of shares		50,000
Proceeds from related parties		<u>2,581,948</u>
Net cash flows generated from financing activities		<u>2,631,948</u>
Net increase in cash and cash equivalents		<u>4,339,133</u>
Movements in cash and cash equivalents		
Cash and cash equivalents at start		-
Net increase in cash and cash equivalents		<u>4,339,133</u>
Cash and cash equivalents at the end of the period	8	<u>4,339,133</u>

The notes on pages 11 to 27 form an integral part of these financial statements.
Auditors' report on pages 4 to 6.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

1. CORPORATE INFORMATION

STOR SYSTEMS LTD is a private company incorporated on 08 May 2018 with liability limited by shares. Its registered address is Royal Road, New Grove, Mauritius.

The financial statements be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

2.1.1 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Company has accordingly elected not to restate comparatives in respect of the classification and measurement of financial instruments.

The Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.1 Impact of initial application of IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement of financial assets (Continued)

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.1 Impact of initial application of IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement of financial assets (Continued)

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.1 Impact of initial application of IFRS 9 Financial Instruments (Continued)

(b) Impairment of financial assets (continued)

The directors of the Company have assessed that there has been no significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 08 May 2018).

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.1 Impact of initial application of IFRS 9 Financial Instruments (Continued)

(d) General hedge accounting (continued)

The application of the IFRS 9 hedge accounting requirements has had no significant impact on the results and financial position of the Company for the current period.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

(f) Impact of initial application of IFRS 9 on financial performance and cash flows

The application of IFRS 9 has had no impact on the financial performance of the Company.

The application of IFRS 9 has had no impact on the cash flows of the Company.

2.1.2 Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 08 May 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Company has adopted the terminology used in IFRS 15 to describe such balances.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (Continued)

2.1.2 Impact of application of IFRS 15 Revenue from Contracts with Customers (Continued)

The Company's accounting policies for its revenue streams are disclosed in detail in note 3(c). Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

2.2 Amendments to IFRS Standards and Interpretations that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(i) IFRS 2 (amendments) Classification

(ii) IAS 40 (amendments) Transfers of Investment Property

(iii) Annual Improvements to IFRS Standards 2014 – 2016 Cycle

(iv) Amendments to IAS 28 Investments in Associates and Joint Ventures

(v) IFRIC 22 Foreign Currency Transactions and Advance Consideration

2.3 New and revised IFRS Standards in issue but not yet effective

As at the date of these financial statements, the Company has not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 16 - Leases	1 January 2019
IFRS 17 - Insurance Contracts	1 January 2021
Amendments to IFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures	1 January 2019

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.3 New and revised IFRS Standards in issue but not yet effective (continued)

Description	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	1 January 2019
Amendments to IAS 19 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of the amendments has yet to be set by the IASB
IFRIC 23 - Uncertainty over Income Tax Treatments	1 January 2019

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting period and the reported amounts of revenues and expenses during the reporting date. Actual results could differ from those

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the company to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. The financial statements are prepared in Mauritian Rupee ("MUR").

(c) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

Recognition, as defined in the IASB Framework, means incorporating an item that meets the definition of revenue in the income statement when it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.

IAS 18 provides guidance for recognising the following specific categories of revenue:

Rendering of services

For revenue arising from the rendering of services, provided that all of the following criteria are met,

- it is probable that the economic benefits will flow to the seller;
- the stage of completion at the balance sheet date can be measured reliably; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured

When the above criteria are not met, revenue arising from the rendering of services should be recognised only to the extent of the expenses recognised that are recoverable.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Expense recognition

Expenses are accounted for on an accrual basis in the statement of comprehensive income.

(e) Property, plant and equipment

All property, plant and equipment are initially recorded at cost.

Depreciation is calculated to write off the cost or revalued amount of the assets based on each asset's useful life.

(f) Intangible asset

All intangible assets are initially recorded at cost.

Amortisation is calculated to write off the cost or revalued amount of the assets based on each asset's useful life.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(j) Deferred tax

Deferred Taxation is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward and on retirement benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(k) Trade and other receivables

Trade and other receivables are stated at fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other payables

Trade and other payables are stated at fair value.

(m) Ordinary share capital

Ordinary shares are classified as equity.

(n) Retirement benefit obligations

The company does not operate any retirement benefit plan.

(o) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event when it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Related party

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(q) Impairment of assets

Fixed and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income for items of fixed and intangible assets carried at cost. The recoverable amount is the higher of an asset's net selling price and the value in use.

(r) Functional and presentation currency

The financial statements are presented in Mauritian Rupee ("MUR"), which is the Company's functional and presentation currency.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, 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 may 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.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Key sources of estimation uncertainty

With regards to the nature of the company's business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

5(a). PROPERTY, PLANT AND EQUIPMENT

	Computer equipment MUR	Total MUR
COST/ VALUATION		
At 08 May 2018	-	-
Additions	194,324	194,324
At 30 June 2019	194,324	194,324
DEPRECIATION		
At 08 May 2018	-	-
Charge for the year	20,998	20,998
At 30 June 2019	20,998	20,998
NET BOOK VALUE		
At 30 June 2019	173,326	173,326

5(b). INTANGIBLE ASSET

	Computer software MUR	Total MUR
COST/ VALUATION		
At 08 May 2018	-	-
Additions	45,500	45,500
At 30 June 2019	45,500	45,500
DEPRECIATION		
At 08 May 2018	-	-
Charge for the year	3,792	3,792
At 30 June 2019	3,792	3,792
NET BOOK VALUE		
At 30 June 2019	41,708	41,708

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

6. INVENTORY	2019
	MUR
Closing stock	649,240
Work in progress	3,926,423
	<u>4,575,663</u>
7. TRADE RECEIVABLES	2019
	MUR
Trade receivables	<u>19,883,526</u>
8. CASH AND CASH EQUIVALENTS	2019
	MUR
Cash at bank	<u>4,339,133</u>
9. STATED CAPITAL	2019
	MUR
<u>Issued and fully paid</u> 50 ordinary shares of Rs 1,000 each	<u>50,000</u>
10. BORROWINGS	2019
	MUR
Payable to related parties	<u>2,581,948</u>
Loan from related parties are interest free and repayable upon demand.	
11. TRADE AND OTHER PAYABLES	2019
	MUR
Trade payables	21,274,250
Accruals	1,345,207
	<u>22,619,457</u>

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

12. TAXATION

2019

MUR

The company is taxable at 15% on its tax adjusted profit for the period.

Tax liability

Tax accrued for the year

344,212

Current tax liabilities

344,212

Tax expense

Profit before tax

3,761,951

Add unauthorised deductions

29,057

Less allowable deductions

(119,912)

Chargeable income

3,671,096

Tax at 15%

292,599

Tax at 3%

51,613

Total tax expense

344,212

13. FINANCIAL INSTRUMENTS

Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is part of a larger group, the company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The company defines "capital" as including all components of equity.

The company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs. Adjustments are made to the capital structure in the light of changes in economic conditions affecting the company and additional needs for capital.

The company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The company has assets and liabilities denominated in foreign currencies and is exposed to currency risk.

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

13. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's operating cash flows are substantially independent of the changes in market interest rates.

Price risk

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

Credit risk

The company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit arising from financial assets which comprise of other receivables, cash at bank and fixed deposit, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. The table below summarises the exposure to credit risk:

	<u>2019</u> <u>MUR</u>
Trade receivables	19,883,526
Cash and cash equivalents	<u>4,339,133</u>
	<u>24,222,659</u>

The cash and cash equivalents are maintained with a reputable financial institution. The financial assets are neither past due nor impaired at the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The company's objective is to maintain a balance between continuity of funding and flexibility and it monitors its risk to a shortage of funds using cash flow forecasts.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2019, based on contractual undiscounted payments:

<i>Maturity profile</i>	<u>Up to 1 year</u> <u>MUR</u>	<u>On demand</u> <u>MUR</u>	<u>Total</u> <u>MUR</u>
<u>2019</u>			
Payable to related parties	-	2,581,948	2,581,948
Trade and other payables	<u>22,619,457</u>	<u>-</u>	<u>22,619,457</u>
	<u>22,619,457</u>	<u>2,581,948</u>	<u>25,201,405</u>

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

13. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The following table shows the carrying values of financial instruments on the statement of financial position. The carrying value of financial instruments closely approximates their fair values.

	<u>2019</u> <u>MUR</u>
<i>Financial assets</i>	
Trade receivables	19,883,526
Cash and cash equivalents	4,339,133
	<u>24,222,659</u>
<i>Financial liabilities</i>	
	<u>2019</u> <u>MUR</u>
Payable to related parties	2,581,948
Trade and other payables	22,619,457
	<u>25,201,405</u>

14. RELATED PARTY TRANSACTIONS

During the period ended 30 June 2019, the Company transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

(i) Payable to shareholder	<u>2019</u> <u>MUR</u>
Net loan payable	910,000
Unpaid share capital	(50,000)
Payment of expenses on behalf	(56,537)
At 30 June	<u>803,463</u>
(ii) Payable to sister company	<u>2019</u> <u>MUR</u>
Net loan payable	1,888,682
Payment of expenses on behalf	(110,197)
At 30 June	<u>1,778,485</u>

STOR SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 08 MAY 2018 (DATE OF INCORPORATION) TO 30 JUNE 2019

15. CONTINGENT LIABILITY

Infosystems AA Ltd had applied for an interim injunction against Stor Systems Ltd to stop the latter from contacting its customers. This injunction was not granted by Supreme Courts. However, there were exchange of affidavits between both parties and the final hearing was set for 15th October 2019 but the judge postponed the hearing to early 2020. The date has not been set yet. The directors consider the possibility of the liability crystallising as remote.

16. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period which may have a material effect on the financial statements at 30 June 2019.

STOR SYSTEMS LTD

SCHEDULE TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

APPENDIX I

1. OPERATING EXPENSES

	<u>2019</u> <u>MUR</u>
Administrative salaries	2,300,825
Professional fees	1,046,120
Licences	280,334
Bank charges	107,205
Rent	55,000
Training	46,831
Medical staff costs	29,052
Air tickets	26,800
Printing and stationeries	11,233
Telephone	5,389
Other expenses	5,331
IT expenses	4,830
Penalties and fines	4,267
	<u><u>3,923,217</u></u>