

tTech Limited

Financial Statements

Year ended December 31, 2015

ITECH LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of
tTech Limited

Report on the Financial Statements

I have audited the separate financial statements of tTech Limited, set out on pages 3 to 27, which comprise the Company's statements of financial position as at December 31, 2015, the Company's profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including my assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; I consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Members of
tTech Limited

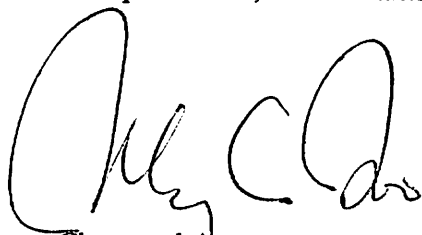
Report on the Financial Statements, continued

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2015 and of the Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purposes of our audit. In my opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.



Chartered Accountant
Kingston, Jamaica

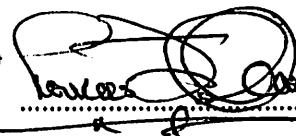
May 4, 2016

tTech LimitedCompany Statement of Financial Position
December 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS			
Cash and cash equivalents	3	36,212,658	17,182,643
Accounts receivable	4	26,435,629	16,963,705
Other receivables	5	62,660,271	11,918,846
Short term investments	6	<u>31,169,099</u>	<u>34,117,174</u>
		<u>156,477,657</u>	<u>80,182,368</u>
CURRENT LIABILITIES			
Bank overdraft	7	107,412	-
Accounts payable	8	38,049,653	20,750,597
Taxation payable	9	4,672,341	3,682,722
Deferred taxation	10	1,119,900	-
Directors' account		-	<u>3,251,316</u>
		<u>43,949,306</u>	<u>27,684,635</u>
NET CURRENT ASSETS		112,528,351	52,497,733
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,037,199	12,442,574
Investments	12	<u>2,005,761</u>	<u>1,309,907</u>
		<u>\$ 128,571,311</u>	<u>\$ 66,250,214</u>
Financed by:			
SHAREHOLDERS' EQUITY			
Share capital	13	51,727,063	8,584,407
Unappropriated profit		<u>76,844,248</u>	<u>57,665,807</u>
		<u>\$ 128,571,311</u>	<u>\$ 66,250,214</u>

The financial statements on pages 3 to 26, were approved for issue by the Board of Directors on May 4, 2016 and signed on their behalf by:

 Director

 Director

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

Company Statement of Profit or Loss and Other Comprehensive Income
December 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Operating revenue	14	<u>177,975,567</u>	<u>128,541,765</u>
Operating expenses	15	<u>(152,131,548)</u>	<u>(109,944,251)</u>
Profit before net finance costs, and taxation		<u>25,844,019</u>	<u>18,597,514</u>
Other income		911,398	1,586,494
Net interest income and finance costs		<u>462,148</u>	<u>(1,606,484)</u>
Profit before taxation	17	27,217,565	18,577,524
Taxation	9	<u>(5,830,686)</u>	<u>(3,742,721)</u>
Net profit		21,386,879	14,834,803
Other comprehensive income			
Unrealized gain on investment	19	<u>3,452,581</u>	<u>1,927,831</u> *
Total comprehensive income		<u>\$ 24,839,460</u>	<u>\$ 16,762,635</u>
Net profit attributable to stockholders		<u>\$ 21,386,879</u>	<u>\$ 14,834,803</u>
Total comprehensive income attributable to stockholders		<u>\$ 24,839,460</u>	<u>\$ 16,762,635</u>
Earnings per stock unit for profit attributable to stockholders	20	<u>\$ 0.27</u>	<u>\$ 0.18</u>

*Restated

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

fTech LimitedStatement of Changes in Shareholder's Equity
December 31, 2015

	Share Capital (note 13)	Unappropriated profit	Total
Total comprehensive income:			
Opening balance at January 1, 2014	200	43,356,420	43,356,620
Comprehensive income for the year	-	16,762,635	16,762,635
Shares issued	8,584,207	-	8,584,207
Dividends	-	<u>(2,453,248)</u>	<u>(2,453,248)</u>
Balances at December 31, 2014	8,584,407	57,665,807	66,250,214
Total comprehensive income:			
Comprehensive income for the year	-	24,839,460	24,839,460
Shares issued	43,142,656	-	43,142,656
Dividends	-	<u>(5,661,019)</u>	<u>(5,661,019)</u>
Balances at December 31, 2015	<u>51,727,063</u>	<u>76,844,248</u>	<u>128,571,311</u>

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

Company Statement of Cash Flows
December 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	24,839,460	16,762,635
Adjustment for:		
Depreciation	<u>2,874,377</u>	<u>2,054,368</u>
Cash generated before changes in working capital	<u>27,713,837</u>	<u>18,817,003</u>
Changes in working capital components:		
Accounts receivable	(9,471,924)	(5,983,792)
Other receivables	(50,741,426)	(6,454,783)
Directors account	(3,251,316)	-
Accounts payable	17,299,055	5,295,699
Taxation payable	989,619	(2,174,669)
Deferred taxation	<u>1,119,900</u>	
	<u>(44,056,091)</u>	<u>(9,317,545)</u>
Net cash (used in)/provided by operating activities	<u>(16,342,254)</u>	<u>9,499,458</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Investments	(695,854)	4,936,690
Additions to property, plant and equipment	<u>(4,469,002)</u>	<u>(10,929,167)</u>
Net cash used in investing activities	<u>(5,164,856)</u>	<u>(5,992,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital	43,142,657	8,584,207
Dividends paid	<u>(5,661,019)</u>	<u>(2,453,248)</u>
Net cash provided by financing activities	<u>37,481,638</u>	<u>6,130,959</u>
Increase in cash and cash equivalents	15,974,528	9,637,940
Cash and cash equivalents at beginning of the year	<u>51,299,817</u>	<u>41,661,877</u>
Cash and cash equivalents at end of the year	<u>\$ 67,274,345</u>	<u>\$ 51,299,817</u>
Comprised of:		
Bank overdraft	(107,412)	-
Cash and bank balances	36,212,658	17,182,643
Short term investment	<u>31,169,099</u>	<u>34,117,174</u>
	<u>\$ 67,274,345</u>	<u>\$ 51,299,817</u>

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

CTech LimitedNotes to the Financial Statements
December 31, 20151. The company

CTech Limited is a limited liability company, which was incorporated under the Companies Act and is domiciled in Jamaica with registered office located at 69 ½ Harbour Street, Kingston.

The principal activity of the Company is that of information technology service providers and consultants.

The company increased the number of the authorized ordinary shares (Shares) from 1,000 to 106,000,000 on November 11th, 2015 and on that date the 274 Shares, then in issue, were split to 80,348,000 Shares. The company made an Initial Public Offering (IPO) under which 25,652,000 additional Shares were issued on December 28th, 2015. On January 7th, 2016, the company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. Statement of compliance, basis of preparation and significant accounting policies(a) Statement of compliance:

The financial statements as at and for the year ended December 31, 2015 ("the reporting date") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations which were in issue came into effect during the current financial year. The adoption of these standards, amendments and interpretations did not have any significant effect on amounts and disclosures in the financial statements.

tTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd):

New, revised and amended standards and interpretations that are not yet effective:

At the date of authorization of the financial statements, the following new, revised and amended standards and interpretations, which were in issue, were not yet effective and had not been early adopted by tTech Limited. Those standards and interpretation that management considers may be relevant to tTech Limited are as follows:

- IAS 1, *Presentation of Financial Statements*, effective for annual reporting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
 - the order of notes to the financial statements is not prescribed.
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

tTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd):

- **IFRS 9, *Financial Instruments***, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.
- **IFRS 15, *Revenue from Contracts with Customers*** is effective for periods beginning on or after January 1, 2017. It replaces *IAS 11 Construction Contracts*, *IAS 18 Revenue*, *IFRIC 13 Customer Loyalty Programmes*, *IFRIC 15 Agreements for the Construction of Real Estate*, *IFRIC 18 Transfer of Assets from Customers* and *SIC-31 Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

tTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd):

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortization methods is inappropriate for intangible assets.
- Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the Company are as follows:
 - *IFRS 13, Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

fTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- Improvements to *IFRS 2010-2012 and 2011-2013 cycles (cont'd)*
 - *IAS Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a company entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amount that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
 - *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortization is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses; or
 - (ii) the accumulated depreciation/amortization is eliminated against the gross carrying amount of the asset.
- Amendments to *IAS 27, Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 and can be early adopted. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and also joint ventures.

Management is currently assessing the impact, if any, on the financial statements in the future when the standards or improvements are adopted

fTech LimitedNotes to the Financial Statements (Continued)
December 31, 2015**2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)****(b) Basis of preparation:**

The financial statements are prepared on the historical cost basis, and are presented in Jamaican dollars (\$), which is the functional currency of the Company.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis, Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgement regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

CTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

(ii) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the charge is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the Company.

(d) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repos") are short-term transactions whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specific price. Title to the security is not actually transferred unless the counter-party fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralized lending, classified as loans and receivables and measured at amortised cost.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

(e) Investments:

Investments are carried at fair value through profit or loss with all related gains and losses included in profit or loss. Investments represents quoted equities which are valued using the year end closing bid price published by the Jamaica Stock Exchange.

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and highly liquid financial assets with original maturities of less than 90 days.

CTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(g) Accounts receivable:

Trade and other receivables are stated at cost. Interest is not recognized on receivables.

(h) Accounts payable:

Accounts payable are initially measured at their fair values. No interest is accrued on outstanding balances as these are usually settled within a short period during which any interest charged would be immaterial.

(i) Provisions:

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(j) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax, Taxation is recognised in profit or loss, except to the extent that it relates to items recognized directly to equity, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

CTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(j) Taxation (cont'd):

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized

(k) Property, plant and equipment:

Items of property, plant and equipment are stated at historical cost, less accumulated depreciation.

Depreciation is computed on the straight-line basis at annual rates estimated to write-down the assets to their estimated residual value at the end of their expected useful lives.

The depreciation rates are as follows:

Furniture and equipment	10%
Computer equipment	33 1/3%

(l) Impairment of non-current assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

CTech LimitedNotes to the Financial Statements (Continued)
December 31, 20152. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Revenue recognition:

Revenue from services provided is recognised in the statement of comprehensive income when the significant risk and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(n) Segment reporting:

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Based on the information presented to and reviewed by the CODM, the operations of the company are considered as one operating segment.

(o) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaican dollars at the rates of exchange ruling on that date.

(p) Finance costs:

Finance costs comprise interest payable on borrowings as well as any discount arising from applying the time value of money to current obligations calculated using the effective interest rate method.

fTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

3. <u>Cash resources</u>	<u>2015</u>	<u>2014</u>
Current accounts	1,912,748	10,189,897
Saving accounts	34,289,817	6,982,653
Cash	<u>10,093</u>	<u>10,093</u>
	<u>36,212,658</u>	<u>17,182,643</u>
4. <u>Accounts receivable</u>	<u>2015</u>	<u>2014</u>
0-30 days	18,663,424	16,366,312
31- 60 days	2,438,625	323,709
61- 90 days	3,255,843	273,684
Over 90 days	<u>2,077,737</u>	<u>-</u>
	<u>26,435,629</u>	<u>16,963,705</u>

During the year, net bad debts recovered aggregated \$Nil (2014:\$Nil).

5. <u>Other receivables</u>	<u>2015</u>	<u>2014</u>
Withholding tax	637,068	480,419
Prepayments	3,968,552	1,869,324
Procurement	3,818,391	5,850,512
Subscription of shares	50,440,392	-
Other	<u>3,795,869</u>	<u>3,718,591</u>
	<u>62,660,271</u>	<u>11,918,846</u>

During the month of January 2016 the sum of \$44,397,431 was received for Subscription of shares net of listing expenses.

6. <u>Short term investment</u>	<u>2015</u>	<u>2014</u>
Repurchase agreements	<u>31,169,099</u>	<u>34,117,174</u>

Short term investments are comprised of repurchase agreements. Included is a sum of US\$199,630 (2014 - US\$198,346).

7. Bank overdraft

Bank overdraft is due to the effect of unrepresented cheques.

8. <u>Accounts payable</u>	<u>2015</u>	<u>2014</u>
Trade payables	8,865,013	5,119,828
Statutory liabilities	2,058,953	1,640,649
Accrued expenses	19,404,187	8,021,591
Others	<u>7,721,500</u>	<u>5,968,530</u>
	<u>38,049,653</u>	<u>20,750,598</u>

fTech LimitedNotes to the Financial Statements (Continued)
December 31, 20159. Taxation

Taxation is based on profits adjusted for tax purposes and is subject to agreement from Tax Administration Jamaica.

Taxation charge components:	<u>2015</u>	<u>2014</u>
Tax charge for the year, Income tax	4,710,786	3,742,721
Increase/(decrease) due to deferred tax (Note 10)	<u>1,119,900</u>	<u>-</u>
Total tax charge	<u>5,830,686</u>	<u>3,742,721</u>
Reconciliation of actual tax charge:	<u>2015</u>	<u>2014</u>
Profit before tax	<u>27,217,565</u>	<u>18,577,524</u> *
Computed "expected" tax charge @ 25%	6,804,391	4,644,381
Difference between profit for financial statements and tax reporting purposes on:		
Expenses not deducted for tax purposes	(74,695)	220,406
Net effects of other charges and allowances	<u>(899,010)</u>	<u>(1,122,066)</u>
	<u>5,830,686</u>	<u>3,742,721</u>

10. Deferred Income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%.

The movement in deferred income tax account is as follows:

	Accelerated tax <u>Depreciation</u>	<u>2014</u>
Liability at the beginning of the year	-	-
Credited to profit and loss account	<u>1,119,900</u>	<u>-</u>
Liability at end of year	<u>1,119,900</u>	<u>-</u>

* Restated

fTech LimitedNotes to the Financial Statements (Continued)
December 31, 2015

11. <u>Property, plant and equipment</u>	<u>Computer equipment</u>	<u>Furniture & equipment</u>	<u>Total</u>
At cost:			
January 1, 2014	7,528,795	-	7,528,795
Additions	<u>2,013,002</u>	<u>8,916,165</u>	<u>10,929,167</u>
December 31, 2014	9,541,797	8,916,165	18,457,962
Additions	<u>3,412,731</u>	<u>1,056,271</u>	<u>4,469,002</u>
December 31, 2015	<u>12,954,527</u>	<u>9,972,436</u>	<u>22,926,964</u>
Depreciation:			
January 1, 2014	3,961,020	-	3,961,020
Charge for the year	<u>1,747,819</u>	<u>306,549</u>	<u>2,054,368</u>
December 31, 2014	5,708,839	306,549	6,015,388
Charge for the year	<u>1,667,923</u>	<u>1,206,454</u>	<u>2,874,377</u>
December 31, 2015	<u>7,376,762</u>	<u>1,513,003</u>	<u>8,889,765</u>
Net book values:			
December 31, 2015	<u>5,577,766</u>	<u>8,459,433</u>	<u>14,037,199</u>
December 31, 2014	<u>3,832,958</u>	<u>8,609,616</u>	<u>12,442,574</u>
12. <u>Investments</u>		<u>2015</u>	<u>2014</u>
Quoted securities		1,572,972	952,404
Other securities		<u>432,789</u>	<u>357,503</u>
		<u>2,005,761</u>	<u>1,309,907</u>
Quoted securities are listed on the Jamaica Stock Exchange.			
13. <u>Share capital</u>		<u>2015</u>	<u>2014</u>
Authorised:			
106,000,000, ordinary shares of no par value, (2014 - 1,000, ordinary shares of \$1 each)		<u>106,000,000</u>	<u>1,000</u>
Issued and fully paid:			
106,000,000, ordinary shares of no par value (2014- 274, ordinary shares of \$1 each)		58,893,712	274
Less: Transaction cost of share issue		(7,166,648)	-
Share premium		-	<u>8,584,133</u>
Net share value		<u>51,727,063</u>	<u>8,584,407</u>

iTech LimitedNotes to the Financial Statements (Continued)
December 31, 2015

14. Operating revenue

This represents fees for technical services rendered less General Consumption Taxes.

15. Expenses by Nature

Total direct, administrative & other operating expenses:

	<u>2015</u>	<u>2014</u>
Advertising and promotion	5,524,981	4,583,333
Professional services (Note 16)	30,544,516	19,305,431
Property rental and utilities	9,094,680	9,236,717
Staff costs (Note 18)	52,021,627	40,597,633
Technical fees, services and products	27,833,914	15,114,515
Other	<u>27,111,830</u>	<u>21,106,622</u>
	<u>152,131,548</u>	<u>109,944,251</u>

16. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Company.

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

- (1) has control or joint control over the Company;
- (2) has significant influence over the Company; or
- (3) is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

- (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) The entity is controlled, or jointly controlled by a person identified in (i).
- (3) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

During the year professional fees were paid to two directors for executive services to the company totalling \$15,641,652 (2014 - \$14,969,784) at arms' length rates.

iTech Limited

Notes to the Financial Statements (Continued)

December 31, 2015

17. Disclosure of expenses

Net profit before taxation is stated after charging/(crediting):

	<u>2015</u>	<u>2014</u>
Directors' emoluments (Included in staff costs)	11,604,363	10,931,897
Directors' fee	512,500	-
Depreciation	2,874,377	2,054,368
Auditors' remuneration	300,000	284,000
Staff costs (Note 18)	52,021,627	40,597,633
Interest income	<u>(727,710)</u>	<u>(431,578)</u>
18. <u>Staff costs</u>	<u>2015</u>	<u>2014</u>
Salaries	47,347,058	36,681,759
Statutory contributions	<u>4,674,569</u>	<u>3,915,874</u>
	<u>52,021,627</u>	<u>40,597,633</u>

tTech Limited

Notes to the Financial Statements (Continued)

December 31, 2015

19. Financial instruments

(a) Financial risk management:

The company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk and
- Price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, securities purchased under resale agreements and amounts due from customers and related parties.

The maximum exposure to credit risk is reflected in the statement of financial provisions at the reporting date.

CTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

19. Financial instruments (cont'd)

(i) Credit risk (continued):

The maximum exposure to credit risk is as follows:

	<u>2015</u>	<u>2014</u>
Financial assets:		
Cash resources	36,212,658	17,182,643
Trade receivables	26,435,629	16,963,705
Short term investments	<u>31,169,099</u>	<u>34,117,174</u>
Total financial assets	<u><u>93,817,386</u></u>	<u><u>68,263,522</u></u>

Cash and cash equivalents and securities purchased under resale agreements:

The Company limits its exposure to credit risk including investments by placing cash resources with substantial counter-parties who are believed to have minimal risk of default.

Accounts receivable:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Accounts receivables mainly consist of amounts owing from corporate customers. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics, geographically and by customer base, there is no concentration of credit risk.

The Company does not require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for impairment is based on the ageing of the receivables, with provision made for balances outstanding for over 90 days, if attempts to collect fail and the amount is deemed to be uncollectible. The Company also provides for receivables that are less than this time period based on information that they have that shows that the receivable balance is uncollectible.

tTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

19. Financial instruments (cont'd)

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

- Monitoring future cash flows and liquidity on a bi-weekly basis.
- Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

(iii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the Company's income or the value of its holdings of financial instrument.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The nature of the Company's exposures to market risks and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risks the Company has policies and procedures in place which detail how each risk is managed and monitored. The management of each of these major components of market risks and the exposure of the Company at the reporting date to each major risk are addressed below.

tTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

19. Financial instruments (cont'd)

(iii) Market risk (cont'd):

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's investment portfolio is exposed to foreign exchange risk primarily with respect to the United States dollar.

Derivative financial instruments are not presently used to reduce exposure to fluctuations in foreign exchange rates.

Concentration of currency risk

The table below summarizes the Company's exposure to foreign exchange rate risk as at December 31, 2015.

	<u>2015</u>	<u>2014</u>
Foreign exchange rates	\$120.42	\$114.66
	<u>J\$</u>	<u>J\$</u>
Financial assets:		
Cash resources	34,289,817	10,987,653
Short term investments	<u>24,003,563</u>	<u>22,663,054</u>
Total financial assets	<u><u>58,293,379</u></u>	<u><u>33,650,707</u></u>

Foreign currency sensitivity

The Company's investment portfolio is exposed to the United States dollar. The Company's sensitivity to a 1% increase, 8% decrease (2014: 1% increase, 10% decrease) in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate.

fTech Limited

Notes to the Financial Statements (Continued)
December 31, 2015

19. Financial instruments (cont'd)

(iii) Market risk (cont'd):

Foreign currency sensitivity (cont'd)

The sensitivity of the 1% increase or 8% decrease (2014: 1% increase, 10% decrease) in the Jamaican dollar against the United States dollar exposure would be a decrease in profit by J\$582,934 (2014: J\$336,507) or increase of net profit by J\$4,663,470 (2014: J\$5,047,606).

Interest rate risk

The Company's interest rate risk arises from deposits and repurchase agreements.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested to current market rates. Short term deposits are at fixed rates.

(iv) Price risk:

Price risk management

The Company is exposed to price risks arising from quoted equity instruments. These are held for strategic rather than for trading purposes. The Company does not actively trade in these investments.

(b) Capital management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. The directors of the company seek to maintain a strong capital base so as to maintain shareholder and creditor confidence. The Company defines capital as total shareholders' equity. There were no changes in the Company's approach to capital management during the year.

20. Earnings per stock unit (EPS) attributable to stockholders of the Company:

Earning per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units. The 274:80,348,000 share split in 2015 was taken into account in determining the EPS

	<u>2015</u>	<u>2014</u>
Net profit attributable to stockholders	21,386,879	14,834,803
Weighted average number of ordinary stock units	80,629,118	80,348,000
Basic earnings per stock unit for the prior year.	<u>0.27</u>	<u>0.18</u>