

## VGO Corporation Limited and its subsidiaries

### Notes to the Financial Statements For the financial year ended 31 March 2016

---

#### 1. Corporate information

VGO Corporation Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 10 Changi South Lane, #07-01 Ossia Building, Singapore 486162.

The principal activities of the Company are that of franchising and retailing of lifestyle sporting goods, footwear, equipment, apparel and accessories under the World of Sports trademark of specialty sports retail shops. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements.

#### 2. Summary of significant accounting policies

##### 2.1 *Fundamental accounting concept*

The financial statements of the Group has been prepared on a going concern basis notwithstanding the fact that the Group incurred a loss of \$9.4 million (2015: \$5.0 million) during the financial year ended 31 March 2016 and as at that date, the Group has net current liabilities of \$0.8 million (2015: net current assets of \$6.5 million). The financial statements of the Company have been prepared on a going concern basis notwithstanding the fact that the Company incurred a loss of \$7.3 million (2015: \$5.1 million) and net current liabilities of \$1.2 million (2015: net current assets of \$4.5 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern.

The Directors are of the view that it is appropriate to prepare the Group’s and the Company’s financial statements on the going concern basis after considering the following factors:

- The Group and the Company are taking steps to improve the operating results that include closing unprofitable stores and negotiating rental reductions with landlords. Going forward, the Group and the Company expect to generate sufficient cash flows from their operations to meet their obligations as and when they fall due.
- Management of the Group and the Company will also put in place strict working capital policies such as close monitoring of inventory purchases.
- Management has obtained written confirmation from the banks providing banking facilities to the Group and the Company that they will not withdraw their support to the Group and the Company.
- The Group and the Company have an aggregate amount of \$1.97 million owing to the executive directors as of 31 March 2016. The executive directors have agreed not to recall these amounts until the Group and the Company have sufficient funds to repay them. The executive directors, who are also the controlling shareholders, will also provide an undertaking to provide additional financial support to the Group and the Company to fund their operations if and when necessary.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheets.