

*Directors' Statement and  
Audited Financial Statements*

***Tejas Communication Pte. Ltd.***  
(Co. Reg. No. 200103930Z)

*For the year ended 31 March 2018*

**Tejas Communication Pte. Ltd.**  
(Co. Reg. No. 200103930Z)

## **General Information**

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### **Directors**

Sanjay Nayak  
Kumar Nellicherry Sivarajan  
Quek Hung Guan

### **Secretary**

Lee Siew Jee Jennifer

### **Independent Auditor**

Sashi Kala Devi Associates

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**Directors' Statement - continued**

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The directors are pleased to present their statement to the member together with the audited financial statements of Tejas Communication Pte. Ltd. (the "Company") for the financial year ended 31 March 2018.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**2. DIRECTORS**

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

Sanjay Nayak  
Kumar Nellicherry Sivarajan  
Quek Hung Guan

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

**4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the related corporations as stated below:

Name of directors	Ordinary shares Held in the name of directors	
	At beginning of year	At end of year
<i> Holding company</i> <i>Tejas Networks Limited</i>		
Sanjay Nayak	3,710,373	2,471,991
Kumar Nellicherry Sivarajan	1,721,700	1,378,543

**Tejas Communication Pte. Ltd.**  
(Co. Reg. No. 200103930Z)

**Directors' Statement - continued**

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**4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)**

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of financial year or at the end of financial year.

**5. OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the Company was granted.

**6. OPTIONS EXERCISED**

During the financial year, there were no shares of the Company issued by virtue of the exercise of options to take up unissued shares.

**7. UNISSUED SHARES UNDER OPTION**

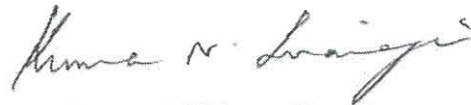
At the end of the financial year, there were no unissued shares of the Company under option.

**8. INDEPENDENT AUDITOR**

The independent auditor, Sashi Kala Devi Associates has expressed its willingness to accept reappointment as auditor.

On behalf of the board of directors

  
Sanjay Nayak  
Director

  
Kumar Nellicherry Sivarajan  
Director

23 APR 2018



# SASHI KALA DEVI ASSOCIATES

**Independent Auditor's Report**  
**to the member of Tejas Communication Pte. Ltd.**  
(Co. Reg. No. 200103930Z)

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## Report on Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Tejas Communication Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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# SASHI KALA DEVI ASSOCIATES

## **Independent Auditor's Report to the member of Tejas Communication Pte. Ltd. - continued (Co. Reg. No. 200103930Z)**

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### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



# SASHI KALA DEVI ASSOCIATES

**Independent Auditor's Report  
to the member of Tejas Communication Pte. Ltd. - continued  
(Co. Reg. No. 200103930Z)**

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Report on Other Legal and Regulatory Requirements***

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

***Sashi Kala Devi Associates***

Sashi Kala Devi Associates  
Public Accountants and  
Chartered Accountants

Singapore  
23 April 2018

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**Tejas Communication Pte. Ltd.**  
(Co. Reg. No. 200103930Z)

**Statement of Financial Position as at 31 March 2018**

	Note	2018 US\$	2017 US\$
<b>Non-current assets</b>			
Investment in a subsidiary	4	32,700	32,700
<b>Current assets</b>			
Inventories		–	1,017
Trade receivables	5	4,045,568	3,762,229
Other receivables	6	86,507	109,975
Cash and cash equivalents	7	102,248	180,001
		<u>4,234,323</u>	<u>4,053,222</u>
<b>Current liabilities</b>			
Trade payables		23,373	45,094
Other payables	8	903,902	789,577
Amounts due to holding company	9	1,334,350	2,292,893
Amounts due to a subsidiary	10	29,700	29,700
Bank overdraft		–	1,493
Tax payable		1,302	1,302
		<u>2,292,627</u>	<u>3,160,059</u>
<b>Net current assets</b>		1,941,696	893,163
<b>Net assets</b>		<u>1,974,396</u>	<u>925,863</u>
<b>Equity attributable to owner of the Company</b>			
Share capital	11	2,056,261	1,056,261
Accumulated losses		(81,865)	(130,398)
<b>Total equity</b>		<u>1,974,396</u>	<u>925,863</u>

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



**Statement of Comprehensive Income for the financial year ended 31 March 2018**

	Note	2018 US\$	2017 US\$
<b>Revenue</b>	12	3,000,948	5,779,637
Cost of revenue		<u>(2,049,151)</u>	<u>(3,874,713)</u>
Gross profit		951,797	1,904,924
Other income	13	1,159,069	1,672,889
Distribution costs		(940,484)	(1,346,954)
Administrative expenses		(1,028,935)	(854,450)
Other charges	14	(92,914)	(407,337)
Finance costs		<u>–</u>	<u>(85,579)</u>
<b>Profit before tax</b>	15	48,533	883,493
Income tax expense	16	<u>–</u>	<u>–</u>
<b>Profit for the year</b>		48,533	883,493
Other comprehensive income		<u>–</u>	<u>–</u>
<b>Total comprehensive income for the year</b>		<u>48,533</u>	<u>883,493</u>

**Statement of Changes in Equity for the financial year ended 31 March 2018**

	Share capital US\$	Accumulated losses US\$	Total US\$
Balance at 1 April 2016	1,056,261	(1,013,891)	42,370
Total comprehensive income for the year	<u>–</u>	<u>883,493</u>	<u>883,493</u>
Balance at 31 March 2017	1,056,261	(130,398)	925,863
Issuance of ordinary shares	1,000,000	–	1,000,000
Total comprehensive income for the year	<u>–</u>	<u>48,533</u>	<u>48,533</u>
Balance at 31 March 2018	<u>2,056,261</u>	<u>(81,865)</u>	<u>1,974,396</u>

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

**Statement of Cash Flows for the financial year ended 31 March 2018**

	<b>2018</b> US\$	<b>2017</b> US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	48,533	883,493
Adjustments for:		
Interest expense	–	85,579
Interest income	–	(265)
Allowance for impairment on:		
- Amounts due from a related company	–	363,418
- Trade receivables	73,615	25,169
<b>Operating income before working capital changes</b>	<u>122,148</u>	<u>1,357,394</u>
Decrease in inventories	1,017	83,400
Increase in trade and other receivables	(333,486)	(1,090,069)
Increase/(decrease) in trade and other payables	92,604	(1,431,749)
(Decrease)/increase in amounts due to holding company	<u>(958,543)</u>	<u>2,395,477</u>
<b>Cash generated from operations</b>	<u>(1,076,260)</u>	<u>1,314,453</u>
Interest received	–	265
<b>Net cash flows (used in)/from operating activities</b>	<u>(1,076,260)</u>	<u>1,314,718</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Increase in amounts due from a related company	–	(100,000)
<b>Net cash used in investing activity</b>	<u>–</u>	<u>(100,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	–	(85,579)
Issuance of ordinary shares	1,000,000	–
Increase in amounts due to a subsidiary	–	(3,000)
<b>Net cash flows from/(used in) financing activities</b>	<u>1,000,000</u>	<u>(88,579)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(76,260)</u>	<u>1,126,139</u>
Cash and cash equivalents at beginning of year	<u>178,508</u>	<u>(947,631)</u>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u><u>102,248</u></u>	<u><u>178,508</u></u>

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

**Notes to the Financial Statements – 31 March 2018**

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

**1. CORPORATE INFORMATION**

The Company is a private company limited by shares, incorporated and domiciled in Singapore. Its holding company is Tejas Networks Limited, a company incorporated in India.

The registered office and principal place of the Company is located at 77 Robinson Road #13-00 Robinson 77 Singapore 068896.

The principal activities of the Company are that of designing and selling of networking equipment and software.

The principal activities of the subsidiary are disclosed in Note 4 to the financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in United States Dollar (USD or US\$) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year, the Company have adopted all applicable new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any effect on the financial performance or position of the Company.

*Standards issued but not yet effective*

The Company has not adopted the following standards which are potentially relevant to the Company that have been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 7 Disclosures Initiative	1 January 2018
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(a) *Basis of preparation (continued)*

The directors expect that the adoption of the above will have no material impact on the financial statements in the period of initial application.

*Consolidated Financial Statements*

The financial statements of the subsidiary have not been consolidated with the Company's financial statements as the Company is a wholly owned subsidiary of Tejas Networks Limited, incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

The registered address of Tejas Networks Limited is Plot No. 25, JP Software Park, Hosur Road, Phase 1, Electronic City, Bangalore – 560100.

Investments in subsidiary in the financial statements of the Company are stated at cost, less any impairment in recoverable value.

(b) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

*Foreign currency transactions*

Transactions in foreign currencies are measured in USD and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(c) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) *Financial assets*

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When a financial asset is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held-for-trading. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

(ii) *Held-to-maturity investment*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investments to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are de-recognised or impaired, and through the amortisation process.

(iii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) *Financial assets (continued)*

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in the fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

*De-recognition*

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

*Regular way purchase and sale of a financial asset*

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(e) *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(e) *Impairment of financial assets (continued)*

(i) *Financial assets carried at amortised cost (continued)*

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) the impairment loss is recognised and the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(e) *Impairment of financial assets (continued)*

(ii) *Financial assets carried at cost (continued)*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial assets is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

(f) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that a non-financial asset, may be impaired. If any such an indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(g) *Financial liabilities*

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) *Financial liabilities (continued)***

***Initial recognition and measurement (continued)***

When a financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial liability.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

**(i) *Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

**(ii) *Financial liabilities at amortised cost***

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

***De-recognition***

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

(j) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading goods – first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurred.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) *Trade and other payables*

Trade and other payables are non-interest bearing and trade payables are normally settled on 30 to 60 days' terms while other payables have an average term of six months.

(l) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(l) *Provisions (continued)*

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) *Borrowing costs*

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period they occur except to the extent that they are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

(n) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

In particular, the Company makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(o) *Leases*

*As lessee*

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(p) *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Sales of goods*

Revenue from sale is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) *Interest income*

Interest income is recognised using the effective interest method.

(iii) *Management fee income*

Management fee is recognised as income when the Company's right to receive payment is established.

(q) *Share capital*

*Ordinary shares*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(r) *Taxes*

(i) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in the profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(r) *Taxes (continued)*

(ii) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

**Notes to the Financial Statements – 31 March 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(r) *Taxes (continued)*

(iii) *Goods and services tax (continued)*

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(s) *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) 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);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.



**Notes to the Financial Statements – 31 March 2018**

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

▪ ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Impairment of loans and receivables*

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivable at the end of each reporting period is disclosed in Note 23 to the financial statements.

▪ ***Judgement made in applying accounting policies***

There were no material judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**4. INVESTMENT IN A SUBSIDIARY**

	<b>2018</b>	<b>2017</b>
	US\$	US\$
Unquoted equity shares, at cost	<u>32,700</u>	<u>32,700</u>

The details of the subsidiary as at 31 March is as follows:

Name and principal activities	Country of incorporation	Cost of investments		Proportion of ownership interest	
		2018	2017	2018	2017
		US\$	US\$	%	%
Tejas Communications (Nigeria) Limited* (Designing and selling of networking equipment and software)	Nigeria	<u>32,700</u>	<u>32,700</u>	<u>100</u>	<u>100</u>

\*Audited by other firm

**Notes to the Financial Statements – 31 March 2018**

**5. TRADE RECEIVABLES**

	<b>2018</b> US\$	<b>2017</b> US\$
Trade receivables	4,788,910	4,431,956
Less: Allowance for impairment	<u>(743,342)</u>	<u>(669,727)</u>
	<u>4,045,568</u>	<u>3,762,229</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

The Company assesses at end of the reporting period whether there is objective evidence that trade and other receivables are impaired.

An allowance for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the profit or loss.

*Receivables that are impaired*

The trade receivables that are impaired at the end of the reporting period and the movements in the allowance account used to record the impairment are as follows:

Balance at beginning of year	669,727	644,558
Charge for the year	<u>73,615</u>	<u>25,169</u>
Balance at end of year	<u>743,342</u>	<u>669,727</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

*Receivables that are past due but not impaired*

The Company has trade receivables amounting to US\$2,623,747 (2017: US\$3,762,229) that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of reporting period is as follows:

Trade receivables past due but not impaired:		
Less than 120 days	251,940	1,533,388
More than 120 days	<u>2,371,807</u>	<u>2,228,841</u>
	<u>2,623,747</u>	<u>3,762,229</u>



**Notes to the Financial Statements – 31 March 2018**

**6. OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	US\$	US\$
Loans and advances	5,348	6,193
Deposits	3,323	9,687
Prepaid expenses	397	15,210
GST receivable	394	1,840
Sundry receivable	77,045	77,045
	<u>86,507</u>	<u>109,975</u>

Loans and advances are unsecured, interest-free, repayable upon demand and are to be settled in cash.

**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as presented in statement of cash flows:

Cash at bank	102,248	180,001
Less: Bank overdraft	–	(1,493)
	<u>102,248</u>	<u>178,508</u>

Cash and cash equivalents denominated in foreign currencies as at 31 March are as follows:

Malaysian Ringgit	96	703
Philippine Peso	–	31,259
Singapore Dollar	190	151
	<u>286</u>	<u>32,113</u>

**8. OTHER PAYABLES**

Accrued liabilities	102,987	18,192
Accrued salaries and related costs	8,299	73,700
Advances received from customers	–	124,859
Commission payable	792,616	572,826
	<u>903,902</u>	<u>789,577</u>

**9. AMOUNTS DUE TO HOLDING COMPANY**

The amounts due are trade related, unsecured, interest-free, repayable upon demand and are to be settled in cash.

**Notes to the Financial Statements – 31 March 2018**

**10. AMOUNTS DUE TO A SUBSIDIARY**

The amounts due are non-trade related, unsecured, repayable upon demand and are to be settled in cash.

**11. SHARE CAPITAL**

	2018		2017	
	Number of shares	US\$	Number of shares	US\$
Issued and fully paid:				
Ordinary shares	1,464,340	1,060,663	100,000	60,663
Preference shares	1,368,400	995,598	1,368,400	995,598
Total	<u>2,832,740</u>	<u>2,056,261</u>	<u>1,468,400</u>	<u>1,056,261</u>

During the year, 1,364,340 new ordinary shares were allotted and issued for total cash consideration of US\$1,000,000. The proceeds were used for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value, carry one vote per share without restrictions.

The holders of the preference shares have equal voting rights as ordinary shareholders.

The terms and conditions of the preference shares are summarised as follows:

- (i) The preference shareholders are entitled to cumulative right of dividend at a fix rate of 0.01% (S\$0.0001 per share) throughout the life of the Company. If the Company does not have sufficient profits in a particular year to meet the dividend payments, the deficit will be made up in the later years.
- (ii) The preference shareholders have priority right over the ordinary shareholders to participate in any surplus assets or return of capital of the Company on a winding up.
- (iii) The preference shareholders have the right to receive notice of any general meeting of the Company and to attend, speak and vote at any such general meeting either in person or by proxy.
- (iv) The Company may at any time apply any profit or money of the Company which may be lawfully applied for the purpose in the redemption of the said Preference Shares at the price paid on the share at the time of issue with all arrears of dividend thereof up to the date of redemption. This power of redemption may be exercised by the Board of Directors acting on behalf of the Company upon the giving of seven clear days' written notice of the proposed redemption to the holder(s) of such Preference Shares.
- (v) Except with the consent of the holders of such Redeemable Preference Shares, no further shares shall be issued by the Company ranking in priority to or pari passu with the above mentioned Redeemable Preference Shares nor shall the capital of the Company be reduced nor the rights and privileges of the holders of such shares be altered without such consent.

**Notes to the Financial Statements – 31 March 2018**

**12. REVENUE**

Revenue represents sales of goods in the normal course of business.

**13. OTHER INCOME**

	<b>2018</b>	<b>2017</b>
	US\$	US\$
Interest income	–	265
Commission income	–	738,652
Reimbursement of expenses	1,158,981	933,450
Sundry income	88	522
	<u>1,159,069</u>	<u>1,672,889</u>

**14. OTHER CHARGES**

Impairment loss on:

- Amounts due from a related company	–	363,418
- Trade receivables	73,615	25,169
Foreign exchange adjustments, gain	19,299	18,750
	<u>92,914</u>	<u>407,337</u>

**15. PROFIT BEFORE TAX**

The profit before tax is arrived at after charging:

Sales commission	893,910	1,335,237
Legal and professional fee	219,607	150,081
Purchases	1,878,250	3,874,713

**16. INCOME TAX EXPENSE**

(i) Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

Statement of comprehensive income:

Current income tax		
- Current year	<u>–</u>	<u>–</u>



**Notes to the Financial Statements – 31 March 2018**

**16. INCOME TAX EXPENSE (continued)**

(ii) *Relationship between tax expense and accounting (loss)/profit*

The reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31 March 2018 and 2017 are as follows:

	<b>2018</b> US\$	<b>2017</b> US\$
Profit before tax	48,533	883,493
Tax expense on profit before tax at 17%	8,251	150,194
Adjustments:		
Deferred tax assets not recognised for current year	(8,251)	–
Utilisation of deferred tax assets previously not recognised	–	(150,194)
	<u>–</u>	<u>–</u>

**17. DEFERRED TAXATION**

Deferred tax asset:

Tax losses carry forward	96,232	104,482
Total deferred tax asset	96,232	104,482
Deferred tax asset on temporary differences not recognised	(96,232)	(104,482)
Balance	<u>–</u>	<u>–</u>

The Company has unabsorbed tax losses of approximately US\$566,000 (2017: US\$614,000) that are available for offset against future taxable profits of the Company in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement with the Income Tax Authorities.

**18. EMPLOYEE BENEFITS**

Salaries and bonuses	524,185	409,189
Central provident fund contributions	11,521	10,200
	<u>535,706</u>	<u>419,389</u>

**19. OPERATING LEASE COMMITMENTS**

*As lessee*

The Company has entered into commercial leases mainly on office premises lease. These lease have an average tenure of 2 years with no renewal option or contingent rent provision included in the contracts. There is no restriction placed upon the Company by entering into these leases.

**Notes to the Financial Statements – 31 March 2018**

**19. OPERATING LEASE COMMITMENTS (continued)**

*As lessee (continued)*

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	<b>2018</b>	<b>2017</b>
	US\$	US\$
Not later than one year	<u>8,607</u>	<u>7,408</u>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2018 amounted to US\$16,289 (2017: US\$39,576).

**20. RELATED PARTY DISCLOSURES**

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties that took place at terms agreed between the parties during the financial year:

(i) *Significant related party transactions*

<i> Holding company</i>		
Purchases of goods	2,032,376	2,777,102
Commission income	–	738,652
Reimbursement of expenses	1,158,981	933,450
Sales of goods	<u>–</u>	<u>1,094,919</u>

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and there has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(i) ***Foreign currency risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly Singapore dollar, Malaysian ringgit and Philippine peso. The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures. The Company also holds cash and short-term deposits denominated in foreign currencies for working capital purposes.

However, the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

As at the end of the reporting period, the Company's foreign currency risk exposures are insignificant. Accordingly, foreign currency risk sensitivity analysis is not prepared.

(ii) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For cash and cash equivalents, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

▪ ***Exposure to credit risk***

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

▪ ***Credit risk concentration profile***

At the end of the reporting period, there were no significant concentrations of credit risk to the Company's many various customers.

It is the Company's policy to sell to a diversity of credit worthy customers so as to reduce concentration of credit risk.



## 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (ii) Credit risk (continued)

#### ▪ *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### ▪ *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade receivables).

### (iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

#### *Analysis of financial instruments by remaining contractual maturities*

The maturity profile of the Company's financial assets and financial liabilities at the end of reporting period, based on contractual undiscounted repayment obligations are within one year.

## 22. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 39 categories:

	2018 US\$	2017 US\$
<i>Loans and receivables</i>		
Trade receivables	4,045,568	3,762,229
Other receivables	86,110	94,765
Cash and cash equivalents	102,248	180,001
	<u>4,233,926</u>	<u>4,036,995</u>
<i>Financial liabilities at amortised cost</i>		
Trade payables	23,373	45,094
Other payables	903,902	664,718
Amounts due to holding company	1,334,350	2,292,893
Amounts due to a subsidiary	29,700	29,700
Bank overdraft	—	1,493
	<u>2,291,325</u>	<u>3,033,898</u>

**Notes to the Financial Statements – 31 March 2018**

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**23. FAIR VALUE OF ASSETS AND LIABILITIES**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature

The Company does not anticipated that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

It is not practicable to determine, with sufficient reliability without incurring excessive costs, the fair value of amounts payable to holding company related company due to the absence of agreed repayment terms between involved.

At the end of the reporting period, the Company does not have any other financial instruments carried at fair value.

**24. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain the Company at a net current asset position by means of funding and financial support from the holding company, in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2018 and 31 March 2017.

The Company is not subjected to externally imposed capital requirements.

**25. AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 23 April 2018.