Directors' Statement and
Audited Financial Statements

Tejas Communication Pte. Ltd.

(Co. Reg. No. 200103930Z)

For the year ended 31 March 2019

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

General Information

Directors

Sanjay Nayak
Kumar Nellicherry Sivarajan
Quek Hung Guan

Secretary

Lee Siew Jee Jennifer

Independent Auditor

Sashi Kala Devi Associates

Contents

Tejas Communication Pte. Ltd.
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Directors' Statement

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 2019.

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 2019 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:

	Ordinary shares Held in the name of directors	
Name of directors	**At beginning of year**	**At end of year**
Holding company *Tejas Networks Limited*		
Sanjay Nayak	2,471,991	2,513,991
Kumar Nellicherry Sivarajan	1,378,543	1,384,168

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 its 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
17 April 2019

Kumar Nellicherry Sivarajan
Director

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

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 2019, 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 2019 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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Independent Auditor's Report
to the member of Tejas Communication Pte. Ltd. - continued
(Co. Reg. No. 200103930Z)

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.

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

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
17 April 2019

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

Statement of Financial Position as at 31 March 2019

	Note	2019 US$	2018 US$
Non-current asset			
Investment in a subsidiary	4	32,700	32,700
Current assets			
Trade receivables	5	2,504,973	4,045,568
Other receivables	6	160,411	86,507
Cash and cash equivalents	7	70,006	102,248
		2,735,390	4,234,323
Current liabilities			
Trade payables		12,795	23,373
Other payables	8	480,249	903,902
Contract liability	9	124,217	–
Amount due to holding company	10	84,069	1,334,350
Amount due to a subsidiary	11	29,700	29,700
Tax payable		1,302	1,302
		732,332	2,292,627
Net current assets		2,003,058	1,941,696
Net assets		2,035,758	1,974,396
Equity attributable to owner of the Company			
Share capital	12	2,056,261	2,056,261
Accumulated losses		(20,503)	(81,865)
Total equity		2,035,758	1,974,396

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

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

Statement of Comprehensive Income for the financial year ended 31 March 2019

	Note	2019 US$	2018 US$
Revenue	13	2,579,907	3,000,948
Cost of revenue		(1,672,501)	(2,049,151)
Gross profit		907,406	951,797
Other income	14	1,458,539	1,159,069
Distribution costs		(873,810)	(940,484)
Administrative expenses		(1,330,399)	(1,028,935)
Other charges	15	(100,374)	(92,914)
Profit before tax	16	61,362	48,533
Income tax expense	17	–	–
Profit for the year		61,362	48,533
Other comprehensive income		–	–
Total comprehensive income for the year		61,362	48,533

Statement of Changes in Equity for the financial year ended 31 March 2019

	Share capital US$	Accumulated losses US$	Total US$
Balance at 1 April 2017	1,056,261	(130,398)	925,863
Issuance of ordinary shares	1,000,000	–	1,000,000
Total comprehensive income for the year	–	48,533	48,533
Balance at 31 March 2018	2,056,261	(81,865)	1,974,396
Total comprehensive income for the year	–	61,362	61,362
Balance at 31 March 2019	2,056,261	(20,503)	2,035,758

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

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

Statement of Cash Flows for the financial year ended 31 March 2019

	2019 US$	2018 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	61,362	48,533
Adjustment for:		
Allowance for impairment on trade receivables	10,320	73,615
Bad debts written off, non-trade	77,045	-
Operating income before working capital changes	148,727	122,148
Decrease in inventories	–	1,017
Decrease/(increase) in trade and other receivables	1,379,326	(333,486)
(Decrease)/increase in trade and other payables and contract liability	(310,014)	92,604
Decrease in amount due to holding company	(1,250,281)	(958,543)
Cash generated used in operations	(32,242)	(1,076,260)
Interest received	–	–
Net cash flows used in operating activities	(32,242)	(1,076,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	–	1,000,000
Net cash flows generated from financing activities	–	1,000,000
Net (decrease)/increase in cash and cash equivalents	(32,242)	(76,260)
Cash and cash equivalents at beginning of year	102,248	178,508
Cash and cash equivalents at end of year	70,006	102,248

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

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 those 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 has adopted all applicable new and revised standards and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these standards and INT FRS did not have any material effect on the financial position or performance of the Company for the current or prior financial years

FRS 109 *Financial Instruments*

FRS 109 Financial Instruments replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

<u>*Classification and measurement*</u>

Under FRS 109, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

FRS 109 ***Financial Instruments (continued)***

Classification and measurement (continued)

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact on the Company.

Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

FRS 115 ***Revenue from Contracts with Customers***

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Under FRS 115, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of the trade/other receivables and as has been reclassified. There was no impact on the statement of comprehensive income as a result of these reclassifications.

The contract liability balance includes an amount reclassified from amounts due to customers under construction contracts. This had no impact on the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

FRS 116 ***Leases***

FRS 116 requires lessees to recognise most leases on statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of FRS 116, the Company expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Company plans to elect the following practical expedients:

(i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;

(ii) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; or

(iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 116 in 2019.

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, a company incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) ***Basis of preparation (continued)***

FRS 116 ***Leases (continued)***

Consolidated Financial Statements (continued)

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

Investment in a subsidiary in the financial statements of the Company is 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) ***Subsidiary***

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.

(d) ***Financial instruments***

(i) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Initial recognition and measurement (continued)

At initial recognition, the Company measures a financial asset 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 of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>*Investments in debt instruments*</u>

Subsequent measurement of debt instruments depends on the business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

- *Amortised cost*

  Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

- *Fair value through other comprehensive income (FVOCI)*

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Subsequent measurement (continued)

Investments in debt instruments (continued)

- *Fair value through profit or loss*

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 for debt instruments is recognised in profit or loss.

(ii) *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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Subsequent measurement

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 derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(f) *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;
(ii) a breach of contract, such as a default or past due event;
(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(g) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Impairment of non-financial assets (continued)*

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 unitto 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.

(h) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

(i) *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.

(j) *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.

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.

(k) *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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) *Employee benefits (continued)*

(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.

(l) *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.

(m) *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) *Sale of goods*

The Company engages in designing and selling of networking equipment and software.

Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on agreed transaction price. Based on the Company's experience with similar types of contracts, there have been no returns or volume discounts granted to their customers.

(ii) *Rendering of services*

The Company recognises service income over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. The output is determined by customer acceptance of the services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Revenue (continued)*

(iii) *Reimbursement of expenses*

Reimbursement of expenses is recognised as income at the point in time when the expenses have been made and the Company's right to receive the payment has been established.

(n) *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.

Preference share capital

Preference shares are equity instrument only if it is non-redeemable or are redeemable at the discretion of the issuer, and the distributions to preference shareholders are at the discretion of the issuer.

(o) *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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) *Taxes (continued)*

(ii) *Deferred tax (continued)*

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.

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

- 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.

(p) *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);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) ***Related parties (continued)***

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

- ***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 an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts is required.

The ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The carrying amount of the Company's loans and receivable at the end of each reporting period is disclosed in Note 5 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

- ***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

	2019 US$	2018 US$
Unquoted equity shares, at cost	32,700	32,700

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

Name and principal activities	Country of incorporation	Cost of investments 2019 US$	Cost of investments 2018 US$	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
Tejas Communications (Nigeria) Limited* (Designing and selling of networking equipment and software)	Nigeria	32,700	32,700	100	100

*Audited by other firm

5. TRADE RECEIVABLES

	2019 US$	2018 US$
Trade receivables	3,258,635	4,788,910
Less: Allowance for expected credit losses	(753,662)	(743,342)
	2,504,973	4,045,568

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.

5. TRADE RECEIVABLES (continued)

Receivables that are impaired

The table below shows the movements in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach:

	Lifetime ECL credit impaired	**Total**
	US$	US$
Balance as at 1 April 2017	669,727	669,727
Allowance of expected credit loss	73,615	73,615
Balance as at 31 March 2018	743,342	743,342
Allowance of expected credit loss	10,320	10,320
Balance as at 31 March 2019	753,662	753,662

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at 31 March 2019 and 2018:

	Expected credit loss rate	**Gross carrying amount**	**Impairment loss allowance**	**Credit impaired**
	%	US$	US $	
2019				
Current (not past due)	2%	277,000	–	No
1 to 30 days past due	0%	18,202	–	No
31 to 60 days past due	0%	16,992	–	No
61 to 90 days past due	0%	163,400	–	No
More than 90 days past due	31%	2,783,041	753,662	Yes
		3,258,635	753,662	
2018				
Current (not past due)	0%	1,421,821	–	No
1 to 30 days past due	0%	17,597	–	No
31 to 60 days past due	0%	21,628	–	No
61 to 90 days past due	0%	212,715	–	No
More than 90 days past due	29%	3,115,149	743,342	Yes
		4,788,910	743,342	

6. OTHER RECEIVABLES

	2019	2018
	US$	US$
Advance billings from suppliers	72,407	–
Deposits	3,323	3,323
GST receivable	421	394
Loans and advances	28,730	5,348
Prepaid expenses	55,530	397
Sundry receivable	–	77,045
	160,411	86,507

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 denominated in foreign currencies as at 31 March are as follows:

Malaysian Ringgit	3,510	96
Singapore Dollar	3,257	190

8. OTHER PAYABLES

Accrued liabilities	48,432	29,626
Accrued salaries and related costs	218,017	81,661
Commission payable	213,800	792,616
	480,249	903,902

9. CONTRACT LIABILITY

A contract liability relates to the advance billing to customer for the services to be provided. The revenue relating to the services is recognised when the performance obligation is satisfied.

10. AMOUNT DUE TO HOLDING COMPANY

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

11. AMOUNT DUE TO A SUBSIDIARY

The amount due is non-trade related, unsecured, interest-free, repayable upon demand and is to be settled in cash.

12. SHARE CAPITAL

	2019		2018	
	Number of shares	US$	Number of shares	US$
Issued and fully paid:				
Ordinary shares	1,464,340	1,060,663	1,464,340	1,060,663
Preference shares	1,368,400	995,598	1,368,400	995,598
Total	2,832,740	2,056,261	2,832,740	2,056,261

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 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.

(iii) 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.

(iv) 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.

13. REVENUE

	2019	2018
	US$	US$
Sale of goods	2,018,981	2,005,806
Service income	560,926	995,142
	2,579,907	3,000,948

13. REVENUE (continued)

	2019 US$	2018 US$
Timing of revenue recognition:		
At a point in time	2,018,981	2,005,806
Over time	560,926	995,142
	2,579,907	3,000,948

The Company's amount of unsatisfied performance obligation as at 31 March 2019 is US$ 124,217.

14. OTHER INCOME

Reimbursement of expenses	1,458,539	1,158,981
Sundry income	–	88
	1,458,539	1,159,069

15. OTHER CHARGES

Bad debts written off, non-trade	77,045	-
Foreign exchange adjustments, loss	13,009	19,299
Impairment loss on trade receivables	10,320	73,615
	100,374	92,914

16. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

Legal and professional fee	228,431	221,083
Purchases	1,672,501	2,049,151
Sales commission	830,355	893,910

17. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

Statement of comprehensive income:		
- Current year	–	–

17. INCOME TAX EXPENSE (continued)

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

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March 2019 and 2018 are as follows:

	2019 US$	**2018** US$
Profit before tax	61,362	48,533
Tax expense on profit before tax at 17%	10,432	8,251
Adjustment:		
Utilisation of deferred tax assets previously not recognized	(10,432)	(8,251)
	–	–

18. DEFERRED TAXATION

Deferred tax asset:		
Tax losses carry forward	39,580	96,232
Total deferred tax asset	39,580	96,232
Deferred tax asset on temporary differences not recognised	(39,580)	(96,232)
Balance	–	–

The Company has unabsorbed tax losses of approximately US$172,000 (2018: US$233,000) 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.

19. EMPLOYEE BENEFITS

Central Provident Fund contributions	16,530	11,521
Salaries and bonuses	833,596	524,185
	850,126	535,706

20. OPERATING LEASE COMMITMENTS

As lessee

The Company has entered into commercial leases mainly on office premises. These leases 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.

20. 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:

	2019	2018
	US$	US$
Not later than one year	10,000	8,607
Two to five years	3,333	–
	13,333	8,607

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to US$10,734 (2018: US$16,463).

21. 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:

Significant related party transactions

Holding company		
Purchases of goods from	1,672,501	2,032,376
Reimbursement of expenses from	1,458,539	1,158,981

Some of the employees of the Company are entitled to a remuneration given in the form of Restricted Stock Units (RSU) and stock option of its holding company, Tejas Networks Limited at fair value. These RSU and ESOP are subject to a vesting schedule and tied to vesting conditions according to the respective plans. The cost borne by the holding company is US$56,109 (2018: US$14,728). These plans are assessed, managed and administered by the holding company.

22. 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:

22. 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 (SGD) and Malaysian Ringgit (MYR). The Company also holds cash 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. Guidelines on credit terms provided to trade customers are established and continually monitored. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Company continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the Company has developed and maintain the group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) ***Credit risk (continued)***

The Company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL- not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL- credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
2019						
Trade receivables	5	Note (i)	Lifetime ECL (simplified approach)	3,258,635	(753,662)	2,504,973
Other receivables	6	Performing	12-month ECL	160,411	–	160,411
					(753,662)	
2018						
Trade receivables	5	Note (i)	Lifetime ECL (simplified approach)	4,788,910	(743,342)	4,045,568
Other receivables	6	Performing	12-month ECL	86,507	–	86,507
					(743,342)	

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) ***Credit risk (continued)***

Trade receivables (Note (i))

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provisional matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current condition and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

- ***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.

- ***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.

23. 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:

	2019 US$	**2018** US$
Financial assets at amortised cost		
Trade receivables	2,504,973	4,045,568
Other receivables	32,474	86,110
Cash and cash equivalents	70,006	102,248
	2,607,453	4,233,926
Financial liabilities at amortised cost		
Trade payables	12,795	23,373
Other payables	480,249	903,902
Contract liability	124,217	–
Amount due to holding company	84,069	1,334,350
Amount due to a subsidiary	29,700	29,700
	731,030	2,291,325

24. 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 or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

The Company does not anticipate 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.

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

25. 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.

25. CAPITAL MANAGEMENT (continued)

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 2019 and 31 March 2018.

The Company is not subjected to externally imposed capital requirements.

26. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 17 April 2019.

The accompanying Supplementary Income Statement has been prepared for management purposes only and does not form part of the audited financial statements.

Tejas Communication Pte. Ltd.

Supplementary Income Statement for the financial year ended 31 March 2019

	Schedule	2019 US$	2018 US$
Revenue	A	2,579,907	3,000,948
Cost of revenue		(1,672,501)	(2,049,151)
Gross profit		907,406	951,797
Other income	B	1,458,539	1,159,069
Distribution cost	C	(873,810)	(940,484)
Administrative expenses	D	(1,330,399)	(1,028,935)
Other charge		(100,374)	(92,914)
Profit before tax		61,362	48,533

Schedule A

Revenue		
Sale of goods	2,018,981	2,005,806
Service income	560,926	995,142
	2,579,907	3,000,948

Schedule B

Other income		
Reimbursement of expenses	1,458,539	1,158,981
Sundry income	–	88
	1,458,539	1,159,069

Schedule C

Distribution cost		
Freight outwards	1,163	5,722
Public relations	19,714	19,009
Sales commission	830,355	893,910
Sales conference	–	6,177
Sales expense	1,834	2,927
Trade shows	20,744	12,739
	873,810	940,484

Tejas Communication Pte. Ltd.

Supplementary Income Statement for the financial year ended 31 March 2019

	2019 US$	2018 US$
		Schedule D
Administrative expenses		
Auditors' remuneration	10,161	13,694
Bank charges	17,538	18,022
Business promotion	46,031	38,093
Conveyance	26,520	22,608
Certification fee	6,148	48,723
Employee related expenses	17,413	23,704
Equipment hiring expenses	–	5,200
General	1,177	(2,979)
Insurance	3,375	5,050
Legal and professional	228,431	221,083
Office maintenance	162	12,476
Postage and courier	1,641	1,117
Printing and stationery	2,476	1,050
Rates and taxes	676	2,888
Rental of office premises	10,734	16,463
Salaries and related expenses	850,126	535,706
Tax fee	2,562	1,902
Telecommunication	11,127	8,688
Travelling	94,101	55,447
	1,330,399	1,028,935

	2019 US$	2018 US$
		Schedule E
Other charges		
Bad debts written off, non-trade	77,045	-
Foreign exchange adjustments, loss	13,009	19,299
Impairment loss on trade receivables	10,320	73,615
	100,374	92,914