

ISP Internet Mauritius Company

Financial Statements

for the year ended 31 March 2018

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ISP Internet Mauritius Company

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Corporate data

		Date of appointment	Date of resignation
Directors:	Makarand Padalkar	23-Sep-08	-
	Doomraj Sooneelall	20-Dec-12	-
	Baboo Teeruth Rajsing Ramgolam	24-Oct-13	10-May-17
	Shabniz Banon Panawoolla-Jaulim	10-May-17	-
	Vegambal Ramassami (as alternate to Mrs Panawoolla-Jaulim for a board meeting held on 26 April 2018)	26-Apr-18	26-Apr-18
Administrator and Secretary:	SGG Corporate Services (Mauritius) Limited (Formerly known as CIM Corporate Services Ltd) 33, Edith Cavell Street Port Louis, 11324 Mauritius		
Registered office:	<i>As from 05 December 2017</i> c/o SGG Corporate Services (Mauritius) Limited 33, Edith Cavell Street Port Louis, 11324 Mauritius		
	<i>Up to 04 December 2017</i> c/o CIM CORPORATE SERVICES LTD Les Cascades Building Edith Cavell Street Port Louis Mauritius		
Auditors:	VBS Business Services 1 st Floor, Hennessy Court Pope Hennessy Street Port Louis Mauritius		
Bankers:	The Mauritius Commercial Bank Limited 9-11, Sir William Newton Street Port Louis Mauritius		
	<i>Up to 1 September 2017</i> HSBC Bank (Mauritius) Limited 6 th Floor, HSBC Centre 18, Cybercity Ebène Mauritius		

Commentary of the directors

The directors submit herewith their commentary to the shareholder together with the audited financial statements of ISP Internet Mauritius Company (the "Company") for the year ended 31 March 2018.

Status and principal activity

The Company was incorporated in Mauritius on 15 June 1994 under the Mauritius Companies Act. The Company holds a Category 1 Global Business License and is regulated by the Financial Services Commission. The principal activity of the Company is that of investment holding.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of dividend for the financial year under review (2017: USD Nil).

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

Auditors

The auditors, **VBS Business Services**, have expressed their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

**Secretary's certificate**

(Section 166 (d) of the Companies Act 2001)

We certify, to the best of our knowledge and belief, that **ISP Internet Mauritius Company** (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 31 March 2018.

A handwritten signature in blue ink, appearing to read 'Ramara', written over a dotted line.

Authorised Signatory

Date:



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ISP INTERNET MAURITIUS COMPANY

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of ISP Internet Mauritius Company (the "Company"), which comprise the statement of financial position as at 31 March 2018 and the statement of profit or loss and other 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, as set out on pages 7 to 23.

In our opinion, these financial statements give a true and fair view of the financial position of ISP Internet Mauritius Company as at 31 March 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for Companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act in so far as applicable to Category 1 Global Business Licenced Companies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises of the commentary of the directors and secretary's certificate.

Our opinion on the financial statements does not cover the other information.

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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ISP INTERNET MAURITIUS COMPANY (CONTINUED)

Report on the Audit of Financial Statements (continued)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act for Companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ISP INTERNET MAURITIUS COMPANY (CONTINUED)

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

Other Matter

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

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

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 26 APR 2018

Vijay Bhuguth, FCCA
Licensed by FRC

ISP Internet Mauritius Company

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Statement of profit or loss and other comprehensive income
for the year ended 31 March 2018

	Note	2018 USD	2017 USD
INCOME			
Dividend income		-	1,542,816
Interest income		318	-
		318	1,542,816
EXPENSES			
Professional fees		8,600	1,400
Licence fees		2,018	-
Audit fees		1,726	1,610
Accounting fees		1,000	1,000
Bank charges		279	280
Disbursements		255	-
		13,878	4,290
OPERATING (LOSS)/ PROFIT		(13,560)	1,538,526
Finance costs	5	-	(32,017)
Reversal of impairment	7 & 8	1,859,351	-
PROFIT BEFORE TAXATION		1,845,791	1,506,509
Taxation	6	-	-
PROFIT FOR THE YEAR		1,845,791	1,506,509
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,845,791	1,506,509
Basic and diluted earnings per share	14	61.53	50.22

The notes on pages 11 to 23 are an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

Statement of financial position

as at 31 March 2018

	Note	2018 USD	2017 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	7	1,253,243	1,252,764
Loan to subsidiary	8	1,858,873	1
Total non-current assets		3,112,116	1,252,765
Current assets			
Prepayments		4,806	-
Cash and cash equivalents		166,235	181,743
Total current assets		171,041	181,743
TOTAL ASSETS		3,283,157	1,434,508
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	3,214,288	3,214,288
Retained earnings/(accumulated losses)		62,001	(1,783,790)
Total equity		3,276,289	1,430,498
Liabilities			
Current liabilities			
Accrued expenses		6,868	4,010
TOTAL EQUITY AND LIABILITIES		3,283,157	1,434,508

Approved by the Board of Directors on **26 APR 2018** and signed on its behalf on



Director



Director

The notes on pages 11 to 23 are an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

Statement of changes in equity
for the year ended 31 March 2018

	Stated capital USD	(Accumulated losses)/ retained earning USD	Total USD
At 01 April 2016	3,214,288	(3,290,299)	(76,011)
Total comprehensive income for the year	-	1,506,509	1,506,509
At 31 March 2017	3,214,288	(1,783,790)	1,430,498
Total comprehensive income for the year	-	1,845,791	1,845,791
At 31 March 2018	3,214,288	62,001	3,276,289

The notes on pages 11 to 23 are an integral part of these financial statements.
 Independent auditors' report on pages 4 to 6.

Statement of cash flows
for the year ended 31 March 2018

	Note	2018 USD	2017 USD
Cash flows from operating activities			
Profit before taxation		1,845,791	1,506,509
<i>Adjustments for:</i>			
Interest income		(318)	-
Dividend income		-	(1,542,816)
Reversal of impairment	7, 8	(1,859,351)	-
Interest payable on loan		-	32,017
<i>Changes in working capital:</i>			
Change in prepayments		(4,806)	-
Change in accrued expenses		2,858	4,010
Net cash used in operating activities		(15,826)	(280)
Cash flows from investing activities			
Dividend received		-	1,542,816
Interest received		318	-
Net cash from investing activities		318	1,542,816
Cash flows from financing activities			
Repayment of loan from holding company	11(ii)	-	(949,847)
Interest paid on loan	11(iii)	-	(410,946)
Net cash used in financing activities		-	(1,360,793)
Net movement in cash and cash equivalents		(15,508)	181,743
Cash and cash equivalents at beginning of year		181,743	-
Cash and cash equivalents at end of year		166,235	181,743

The notes on pages 11 to 23 are an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

Notes to the financial statements
for the year ended 31 March 2018

1. General information

ISP Internet Mauritius Company (the "Company") was incorporated on 15 June 1994 as a private company with limited liability by shares and is domiciled in Mauritius. The address of the Company's registered office is C/o SGG Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius. The principal activity of the company is that of investment holding.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as modified by the exemption from consolidation in the Mauritius Companies Act for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act in so far as applicable to Category 1 Global Business Licenced Companies.

The financial statements were authorised for issue by the Board of directors on **26 APR 2018**

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except that financial assets and liabilities are carried at fair values.

(c) Functional and presentation currency

The financial statements of the Company are presented in the United States Dollar ("USD") and all values are rounded to the nearest dollar except when otherwise indicated. The Company's functional currency is USD, the currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

Notes to the financial statements (continued)
for the year ended 31 March 2018

3. Significant accounting policies (continued)

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

(i) Non-derivative financial assets

Financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company de-recognises a financial asset when the contractual rights to the cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial assets consist of loan to subsidiary and cash and cash equivalents.

Loan to subsidiary

Loan to subsidiary is recognised at proceeds issued net of transaction costs.

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company de-recognises a financial liability when its contractual obligation is discharged or cancelled or expires.

Notes to the financial statements (continued)

for the year ended 31 March 2018

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

The Company non derivative financial liabilities consist of accrued expenses.

Accrued expenses

Accrued expenses are stated at cost.

(iii) Stated capital

Ordinary shares

Ordinary shares are classified as equity.

(c) Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Impairment losses are recognised immediately in profit or loss.

Objective evidence that the financial assets (including equity securities) are impaired can include indications that a debtor or issuer will enter bankruptcy and/or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(d) Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are shown at cost. Any impairment in the value of investment is recognised by reducing the cost of the investment to its recoverable amount and charging the difference to the profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidation

The Company owns 100% of the share capital of Oracle (OFSS) BPO Services Inc. and 99.82% of the share capital of Oracle OFSS BPO Services Limited. It has taken advantage of the exemption provided by the Mauritius Companies Act 2001, allowing a wholly owned or virtually wholly owned parent company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are therefore separate statements which contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

Notes to the financial statements (continued)
for the year ended 31 March 2018

3. Significant accounting policies (continued)

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Related party transactions

Related parties are individuals and companies where the individual or Company has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(g) Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the year beginning on 01 January 2017:

Amendments to IAS 7 'Disclosure Initiative'

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses'

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Annual Improvements Cycle -2014-2016 Amendments to IFRS 12 Disclosure of Interests in Other Entities:

Clarification of the scope of disclosure requirements in IFRS 12.

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The application of the above amendments has had no material impact on the disclosures in the financial statements.

Notes to the financial statements (continued)*for the year ended 31 March 2018***(g) Changes in accounting policies and disclosures (continued)*****Application of new and revised International Financial Reporting Standards (IFRSs)******Standards issued but not yet effective***

A number of new standards and amendments to standards and interpretation, that have been issued but are not yet effective up to the date of issuance of the Company's financial statements, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following:

IFRS 9 'Financial Instruments'

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income. For liabilities designated at fair value through profit or loss, IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 01 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation; or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Notes to the financial statements (continued)
for the year ended 31 March 2018

3. Significant accounting policies (continued)

(g) Changes in accounting policies and disclosures (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Standards issued but not yet effective (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (continued)

The interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company

(h) Revenue recognition

Revenues earned by the Company are recognised on the following basis:-

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the financial statements (continued)
for the year ended 31 March 2018

(h) Revenue recognition (continued)

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(i) Expenses

Expenses are accounted for on an accrual basis.

(j) Taxation

Income tax on profit or loss for the year comprises current and deferred tax.

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

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

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

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgments in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are as discussed below:

Notes to the financial statements (continued)*for the year ended 31 March 2018***4. Critical accounting judgments and key sources of estimation uncertainty (continued)***Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The directors have considered those factors therein and have determined the functional currency of the Company to be the United States Dollar ('USD').

Investments in subsidiaries

At each reporting date, management assesses if the Company's investments in subsidiaries have suffered any impairment in accordance with the accounting policy stated in note 3(c). On 31 January 2018, an Independent Chartered Accountant, made a valuation of the investments held in Oracle (OFSS) BPO Services Inc. Based on the said report, the fair value of the investments was estimated at USD 1,859,353. Accordingly management made a reversal of impairment on the investments held in Oracle (OFSS) BPO Services Inc and loan granted to the latter by USD 497 and USD 1,858,873 respectively as at reporting date.

5. Finance costs

Finance costs represent interests payable on loan from holding company.

6. Taxation

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and 80% of the Mauritian tax on its foreign source income. No provision for income tax has been made in the accounts as the Company had no chargeable income for the year under review.

Recognised in the statement of profit or loss and other comprehensive income

	2018	2017
	USD	USD
<u>Current tax expense</u>		
Current year income tax	-	-

Notes to the financial statements (continued)
for the year ended 31 March 2018

6. Taxation (continued)

<i>Reconciliation of effective tax</i>	2018 USD	2017 USD
Profit before taxation	1,845,791	1,506,509
Add foreign tax suffered (Dividend Distribution Tax)	-	319,828
Add non-allowable expenses	-	32,017
Less other deductible item	(1,859,669)	-
(Tax loss)/chargeable income	(13,878)	1,858,354
Income tax at 15%	(2,082)	278,753
Foreign tax credit (restricted)	-	(278,753)
Deffered tax asset not recognised	2,082	-
Tax payable	-	-

7. Investments in subsidiaries

<i>Cost:</i>	2018 USD	2017 USD
At start of year	1,252,764	1,252,764
Reversal of impairment	479	-
At end of year	1,253,243	1,252,764

Details of the investments held in the subsidiaries are as follows:

<i>Name of investee companies</i>	<i>Country of incorporation</i>	<i>Type and number of</i>	<i>% held</i>	2018 USD	2017 USD
Oracle OFSS BPO Services Limited	India	5,808,660 equity shares of INR 10 each	99.82	1,252,763	1,252,763
Oracle (OFSS) BPO Services Inc.	USA	20,000 common stock of USD 0.01 each	100	480	1

8. Loan to subsidiary

	2018 USD	2017 USD
At start of year	1	1
Reversal of impairment	1,858,872	-
At end of year	1,858,873	1

The above loan is unsecured, interest-free and has no fixed repayment terms.

Notes to the financial statements (continued)
for the year ended 31 March 2018

9. Stated capital

	2018 USD	2017 USD
Series A Ordinary shares of no par value	2,700,002	2,700,002
Series B Ordinary shares of no par value	514,286	514,286
	<u>3,214,288</u>	<u>3,214,288</u>

Series A Ordinary shares are entitled to 84% of the voting rights, rights to dividend, right to return on capital and any distribution in any form whatsoever.

Series B Ordinary shares are entitled to 16% of the voting rights, rights to dividend, right to return on capital and any distribution in any form whatsoever.

10. Financial instruments and capital management*Overview*

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

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

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in financial loss to the Company.

The Company's credit risk arises from loan to subsidiary and cash and cash equivalents. The Company's policy is to maintain its cash balance with reputed banking institutions and to monitor the placement of cash balances on an ongoing basis.

At the reporting date, the Company's exposure to credit risk was as follows:

	Carrying amount	
	2018 USD	2017 USD
Cash and cash equivalents	166,235	181,743
Loan to subsidiary	1,858,873	1
	<u>2,025,108</u>	<u>181,744</u>

Notes to the financial statements (continued)

for the year ended 31 March 2018

10. Financial instruments and capital management (continued)*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

The table below illustrates the maturity analysis of the Company's financial liabilities based on contractual undiscounted payments.

31 March 2018	Due on demand USD	Due for less than 1 year USD	Due between 1-5 years USD	Total USD
Financial liabilities				
Accrued expenses	-	6,868	-	6,868
31 March 2017				
Financial liabilities				
Accrued expenses	-	4,010	-	4,010

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

Currency risk

There is no significant currency risk as substantially all financial assets and financial liabilities are denominated in the Company's functional currency, the US Dollar.

Interest rate risk

The Company's operations are subject to the extent that interest-bearing liabilities mature or are repriced at different times or in different amounts. In the case of floating rate liabilities, the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the base lending rate and different types of interest.

The exposure to interest rate risk at the reporting date is as follows:

	Carrying amount	
	2018 USD	2017 USD
Variable rate instruments		
Cash and cash equivalents	166,235	181,743

Notes to the financial statements (continued)*for the year ended 31 March 2018***10. Financial instruments and capital management (continued)***Market risk (continued)*

Interest rate risk (continued)

Sensitivity analysis

At 31 March 2018, if interest rate had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year and equity would have been USD 166 (2017: USD 182) higher/ lower, mainly as a result of higher / lower interest income on floating rate.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to monitor and adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder or issue new shares. In the event that the Company requires additional capital, the immediate parent will provide the appropriate financial support to the Company.

Fair values measurement

The carrying amount of the Company's financial assets and liabilities comprising of loan to subsidiary, cash and cash equivalents and accrued expenses approximate their fair value.

11. Related party transactions

The following are related party transactions and balances at year end.

	2018	2017
	USD	USD
<i>(i) Loan to subsidiary - Oracle (OFSS) BPO Services Inc.</i>		
At start of year	1	1
Reversal of impairment	1,858,872	-
At end of year	1,858,873	1
<i>(ii) Loan from holding company - Oracle Financial Services Software Limited</i>		
At start of year	-	949,847
Repayment	-	(949,847)
At end of year	-	-
<i>(iii) Interests payable to holding company - Oracle Financial Services Software Limited</i>		
At start of year	-	378,929
Charge for the year	-	32,017
Repayment	-	(410,946)
At end of year	-	-

Notes to the financial statements (continued)*for the year ended 31 March 2018***12. Expenses borne by holding company**

For the prior years, the holding company, Oracle Financial Services Software Limited, committed itself to bear free of charge all the operating expenses billed to the Company. Accordingly, these have not been reflected in the statement of profit or loss and other comprehensive income. The operating expenses for the year under review are as follows:

	2018	2017
	USD	USD
Accountancy fees	-	1,000
Professional fees	-	3,700
Secretarial fees	-	1,800
Licence fees	-	1,950
Audit fees	-	1,668
Registration fees	-	265
Disbursements	-	180
	<u>-</u>	<u>10,563</u>

13. Holding and ultimate holding company

The directors consider Oracle Financial Services Software Limited, a company incorporated under the laws of India as the Company's immediate and ultimate holding company.

14. Basic and Diluted earnings per share

The earnings per share is calculated by dividing the profit attributable to the holders of ordinary shares by the weighted average number of ordinary shares as follows:

	2018	2017
	USD	USD
Earnings attributable to the ordinary shareholders	1,845,791	1,506,509
Weighted average number of ordinary shares	30,000	30,000
Earnings per share	<u>61.53</u>	<u>50.22</u>

15. Events after the reporting date

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2018.