

ISP Internet Mauritius Company

Financial Statements

for the year ended 31 March 2019

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for the year ended 31 March 2019

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ISP Internet Mauritius Company**1****Corporate data**

		Date of appointment	Date of resignation
Directors:	Makarand Padalkar	23-Sep-08	-
	Doomraj Sooneelall	20-Dec-12	-
	Shabniz Banon Panawolla	10-May-17	-
	Vegambal Ramassami (as alternate to Mr Doomraj Sooneelall for a board meeting held on 07 May 2019)	07-May-19	07-May-19
Administrator and Secretary:	IQEQ Corporate Services (Mauritius) Limited (formerly known as SGG Corporate Services Ltd) 33, Edith Cavell Street Port Louis, 11324 Mauritius		
Registered office:	<i>As from 04 April 2019</i> C/o IQEQ Corporate Services (Mauritius) Limited 33, Edith Cavell Street Port Louis, 11324 Mauritius		
	<i>Up to 03 April 2019</i> C/o SGG Corporate Services (Mauritius) Limited 33, Edith Cavell Street Port Louis, 11324 Mauritius		
Auditors:	VBS Business Services 1 st Floor, Hennessy Court Pope Hennessy Street Port Louis Mauritius		
Banker:	The Mauritius Commercial Bank Limited 9-11, Sir William Newton Street Port Louis 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 2019.

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 Licence 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 (2018: 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. 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 Mauritius Companies Act)

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 for the year ended 31 March 2019.


.....
Authorised Signatory

Date: 07 MAY 2019



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 2019 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 29.

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 2019 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.

A handwritten signature in blue ink, appearing to read 'NBSP'.

VBS Business Services
Chartered Certified Accountants

Port Louis, Mauritius

Date: 07 MAY 2019

A handwritten signature in blue ink, appearing to read 'Bhuguth'.

Vijay Bhuguth, FCCA
Licensed by FRG

ISP Internet Mauritius Company

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Statement of profit or loss and other comprehensive income
for the year ended 31 March 2019

	Notes	2019 USD	2018 USD
INCOME			
Interest income		<u>407</u>	<u>318</u>
EXPENSES			
Professional fees		4,183	8,600
Licence fees		1,746	2,018
Audit fees		1,610	1,726
Accounting fees		1,000	1,000
Bank charges		220	279
Disbursements		<u>150</u>	<u>255</u>
		<u>8,909</u>	<u>13,878</u>
LOSS FROM OPERATING ACTIVITIES		(8,502)	(13,560)
Impairment of loan and investment in subsidiary	8 & 9	(1,859,351)	-
Reversal of impairment of loan and investment in subsidiary	8 & 9	-	1,859,351
(LOSS)/PROFIT BEFORE TAXATION		<u>(1,867,853)</u>	<u>1,845,791</u>
Taxation	7	-	-
(LOSS)/PROFIT FOR THE YEAR		<u>(1,867,853)</u>	<u>1,845,791</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(1,867,853)</u></u>	<u><u>1,845,791</u></u>
BASIC AND DILUTED EARNINGS PER SHARE	14	<u><u>(62.26)</u></u>	<u><u>61.53</u></u>

The notes on pages 11 to 29 are an integral part of these financial statements.
Independent auditors' report on pages 4 to 6.

ISP Internet Mauritius Company

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Statement of financial position
as at 31 March 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	8	<u>1,252,764</u>	1,253,243
Current assets			
Loan to subsidiary	9	1	1,858,873
Prepayments		1,602	4,806
Cash and cash equivalents		<u>161,029</u>	166,235
Total current assets		<u>162,632</u>	<u>2,029,914</u>
TOTAL ASSETS		<u>1,415,396</u>	<u>3,283,157</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	10	3,214,288	3,214,288
(Revenue deficit)/retained earnings		<u>(1,805,852)</u>	62,001
Total equity		<u>1,408,436</u>	<u>3,276,289</u>
Liabilities			
Current liabilities			
Accrued expenses		<u>6,960</u>	6,868
TOTAL EQUITY AND LIABILITIES		<u>1,415,396</u>	<u>3,283,157</u>

Approved by the Board of Directors on 07 MAY 2019 and signed on its behalf on


.....
Director


.....
Director

The notes on pages 11 to 29 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 2019

	Stated capital USD	Retained earnings/ (revenue deficit) USD	Total USD
At 01 April 2017	3,214,288	(1,783,790)	1,430,498
<i>Total comprehensive income for the year</i>			
Profit for the year	-	1,845,791	1,845,791
<i>Total comprehensive income for the year</i>	-	1,845,791	1,845,791
At 31 March 2018	3,214,288	62,001	3,276,289
Total comprehensive income for the year			
Loss for the year	-	(1,867,853)	(1,867,853)
Total comprehensive income for the year	-	(1,867,853)	(1,867,853)
At 31 March 2019	3,214,288	(1,805,852)	1,408,436

ISP Internet Mauritius Company

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Statement of cash flows
for the year ended 31 March 2019

	2019 USD	2019 USD
Cash flows from operating activities		
(Loss)/Profit before taxation	(1,867,853)	1,845,791
<i>Adjustments for:</i>		
Interest income	(407)	(318)
Reversal of impairment of loan and investment in subsidiary	-	(1,859,351)
Impairment of loan and investment in subsidiary	1,859,351	-
<i>Changes in working capital:</i>		
Change in prepayments	3,204	(4,806)
Change in accrued expenses	92	2,858
Net cash used in operating activities	(5,613)	(15,826)
Cash flows from investing activity		
Interest received	407	318
Net cash from investing activity	407	318
Net movement in cash and cash equivalents	(5,206)	(15,508)
Cash and cash equivalents at beginning of year	166,235	181,743
Cash and cash equivalents at end of year	161,029	166,235

The notes on pages 11 to 29 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 2019

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 IQEQ 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 **07 MAY 2019**

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities which are measured at amortised cost.

(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. Changes in significant accounting policies

New and amended standards adopted by the Company

The Company has initially applied IFRS 9 – Financial Instruments and IFRS 15 – Revenue from contract with customers from 01 April 2018. A number of other new standards namely, IFRIC 22- Foreign Currency Transactions and Adverse Consideration, were also effective from 01 April 2018 but they do not have a material effect on the Company's financial statements.

3. Changes in significant accounting policies (continued)

New and amended standards adopted by the Company (continued)

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

(a) IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair value through other comprehensive income (FVOCI) and Fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to the financial statements.

The following table on next page explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 01 April 2018.

Notes to the financial statements
for the year ended 31 March 2019

3. Changes in significant accounting policies (continued)

New and amended standards adopted by the Company (continued)

(i) *Classification and measurement of financial assets and financial liabilities (continued)*

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 USD	New carrying amount under IFRS 9 USD
Financial assets				
Loan to subsidiary	Loans and receivables	Financial assets at amortised cost	1,858,873 =====	1,858,873 =====
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	166,235 =====	166,235 =====
Financial liabilities				
Accrued expenses	Other financial liabilities- Amortised cost	Other financial liabilities- Amortised cost	6,868 =====	6,868 =====

(ii) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised costs, contract assets and debt investments at FVOCI but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identical impairments loss was immaterial and there has been no significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

(iii) Transition

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities.

3. Changes in significant accounting policies (continued)

(iv) IFRS 15 'Revenue from contract with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application - 01 January 2018. Accordingly, the information presented for 2017 has not been restated and is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to revenue. Refer to note 4(a) for additional disclosure about the Company's accounting policies relating to the revenue recognition.

4. Significant accounting policies

The principal accounting policies adopted are as follows:

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Interest revenue is recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

(b) Income tax expense

(i) Income tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

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

4. Significant accounting policies

(b) Income tax expense (continued)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

(d) Foreign currency transactions

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The financial statements are presented in USD (presentation currency) which is also the currency of the primary economic environment in which the Company operates (functional currency). The Company determines its own functional currency and items included in the financial statements of the Company are measured using that functional currency.

4. Significant accounting policies

(d) Foreign currency transactions (continued)

Transactions in foreign currencies are initially recorded by the entity at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising on settlement or retranslation of monetary items are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(e) Financial instruments

(i) Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 01 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income – debt investment; Fair value through other comprehensive income – equity investment; or Fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. Significant accounting policies

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Policy applicable from 01 April 2018 (continued)

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or Fair value through other comprehensive income as described above are measured at Fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at Fair value through other comprehensive income as at Fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 01 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Notes to the financial statements
for the year ended 31 March 2019

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 01 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 01 April 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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Notes to the financial statements
for the year ended 31 March 2019

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets : Classification and subsequent measurement and gains and losses

The Company classified its financial assets into the following category:

Loans and receivables

Financial liabilities : Policy applicable before 01 April 2018

Financial liabilities are classified as measured at amortised cost or Fair value through profit or loss. A financial liability is classified as at Fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at Fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligation is discharged or cancelled, or expires. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRSs, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

Notes to the financial statements
for the year ended 31 March 2019

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Derecognition (continued)

Fair value measurement principles

Fair value' 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

The Company measures the fair value of an instrument, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, if there is no quoted price in an active market. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) Stated capital

Ordinary shares are classified as equity.

(g) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(h) Impairment

Non-derivative financial assets

Policy applicable from 01 April 2018

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Notes to the financial statements
for the year ended 31 March 2019

4. Significant accounting policies (continued)

(i) Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has power, is exposed or has rights to variable returns from its involvement and has the ability to use its power to affect its returns.

Investments in subsidiaries are shown at cost. Any impairment in the value of an investment is recognised by reducing the cost of the investment to its recoverable amount and charging the difference to 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.

(j) Consolidated financial statements

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, 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.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

5. Standards, amendments and interpretation to existing standards that are not yet effective and have been early adopted by the Company

Several standards and interpretations have been issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

None of the new standards, amendments and interpretations to standards are expected to have a significant impact on the Company's financial statements except for the following in next page:

Notes to the financial statements

for the year ended 31 March 2019

5. Standards, amendments and interpretation to existing standards that are not yet effective and have been early adopted by the Company (continued)

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 previous page.

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:

- IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Notes to the financial statements
for the year ended 31 March 2019

5. Standards, amendments and interpretation to existing standards that are not yet effective and have been early adopted by the Company (continued)

The above standards are effective for annual reporting periods beginning on or after 01 January 2019.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The above standards are effective for annual reporting periods beginning on or after 01 January 2020.

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.

6. Significant accounting judgement, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, the disclosure of contingent liabilities. Uncertainties 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 future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The primary objective of the Company is to generate returns in USD, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in USD. The Company's performance is evaluated in USD. Therefore, management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Notes to the financial statements
for the year ended 31 March 2019

7. Taxation

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15% (31 March 2018: 15%). The Company has received its Category 1 Global Business Licence ("GBL1") before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all its foreign sourced income.

Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

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

	2019 USD	2018 USD
<u>Current tax expense</u>		
Current year income tax	-	-
<i>Reconciliation of effective tax</i>		
(Loss)/ Profit before taxation	(1,867,853)	1,845,791
Less exempt income	(407)	-
Add unauthorised deductions	1,859,351	(1,859,669)
Chargeable income	(8,909)	(13,878)
Income tax at 15%	(1,336)	(2,082)
Foreign tax credit (restricted)	-	-
Deffered tax asset not recognised	1,336	2,082
Tax payable	-	-

8. Investments in subsidiaries

	2019 USD	2018 USD
<i>Cost:</i>		
At start of year	1,253,243	1,252,764
Impairment	(479)	-
Reversal of impairment	-	479
At end of year	1,252,764	1,253,243

Notes to the financial statements
for the year ended 31 March 2019

8. Investments in subsidiaries (continued)**Details of the investments held in the subsidiaries are as follows:**

Name of investee companies	Country of incorporation	Type and number of	% held	2019 USD	2018 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	1	480
				1,252,764	1,253,243

9. Loan to subsidiary

	2019 USD	2018 USD
At start of year	1,858,873	1
Reversal of impairment	-	1,858,872
Impairment	(1,858,872)	-
At end of year	1	1,858,873

The above loan is unsecured, interest-free and is repayable on demand.

10. Stated capital

	2019 USD	2018 USD
Series A Ordinary shares of no par value	3,214,288	2,700,002
Series B Ordinary shares of no par value	-	514,286
	3,214,288	3,214,288

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.

Notes to the financial statements
for the year ended 31 March 2019

11. 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 represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company.

An impairment allowance of USD 1,858,872 in respect of loan to subsidiary was recognised as at 31 March 2019.

The Company's maximum exposure to credit risk at 31 March 2019 is the carrying amount of its cash and cash equivalents. The Company manages credit risk by banking with reputable financial institutions.

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

	Carrying amount	
	2019 USD	2018 USD
Cash and cash equivalents	161,029	166,235
Loan to subsidiary	1	1,858,873
	<u>161,030</u>	<u>2,025,108</u>

Notes to the financial statements
for the year ended 31 March 2019

11. 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.

	Due on demand USD	Due for less than 1 year USD	Due between 1-5 years USD	Total USD
31 March 2019				
Financial liabilities				
Accrued expenses	-	6,960	-	6,960
31 March 2018				
<i>Financial liabilities</i>				
Accrued expenses	-	6,868	-	6,868

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 2019 USD	2018 USD
Variable rate instruments		
Cash and cash equivalents	161,029	166,235

Notes to the financial statements
for the year ended 31 March 2019

11. Financial instruments and capital management (continued)

Interest rate risk (continued)

Sensitivity analysis

At 31 March 2019, 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 161 (2018: USD 166) 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 values.

12. Related party transactions

The following are related party transaction and balance at year end.

	2019	2018
	USD	USD
<u>Loan to subsidiary - Oracle (OFSS) BPO Services Inc.</u>		
At start of year	1,858,873	1
Reversal of impairment	-	1,858,872
Impairment	(1,858,872)	-
At end of year	<u>1</u>	<u>1,858,873</u>

Notes to the financial statements
*for the year ended 31 March 2019***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:

	2019	2018
	USD	USD
Earnings attributable to the ordinary shareholder	(1,867,853)	1,845,791
Weighted average number of ordinary shares	30,000	30,000
Earnings per share	(62.26)	61.53

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 2019.