Radisys Corporation

Financial Statements

for the year ended 31st December, 2019

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF RADISYS CORPORATION

Opinion

We have audited the accompanying Special Purpose Standalone Financial Statements of Radisys Corporation (hereinafter referred to as "the Company") which comprise the Balance Sheet as at December 31, 2019, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. These Special Purpose Standalone Financial Statements have been prepared by the management of Company per the basis of preparation as described therein, solely for the purpose of preparation of the consolidated financial statements of Radisys Corporation.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Standalone Financial Statements of the Company for the year ended December 31, 2019 are prepared, in all material respects, in accordance with the basis of preparation of the Special Purpose Standalone Financial Statements as disclosed therein and accordingly provide a true and fair view of state of affairs of the Company as at December 31, 2019, and its profit, total comprehensive income, its cash flows and statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of these Special Purpose Financial Statements in accordance with the Standards on Auditing ('SAs') generally accepted in India. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Special Purpose Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of these Special Purpose Standalone Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on these Special Purpose Standalone Financial Statements.

Management's Responsibility for the Special Purpose Financial Statements

The Company's Board of Director is responsible with respect to the preparation of these Special Purpose Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, cash flows and statement of changes in equity of the Company in accordance with the basis of preparation of these Special Purpose Standalone Financial Statements as described therein.

The Management of the Company is responsible for maintenance of adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Management of the Company are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of these Special Purpose Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether these Special Purpose Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 Special Purpose Standalone Financial Statements.

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

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

Materiality is the magnitude of misstatements in these Special Purpose Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of these special purpose may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in these special purpose.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

These Special Purpose Standalone Financial Statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Radisys Corporation, the holding company of Radisys. As a result, these Special Purpose Standalone Financial Statements may not be suitable for another purpose. Our report is intended solely for the use of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W - 100018)

(Abhijit A. Damle)
(Partner)
(Membership No. 102912)
(UDIN: 20102912AAAACL3082)

Mumbai, dated June 03, 2020

Balance Sheet as at December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

	Notes	As at December 31, 2019	As at December 31, 2018
Assets			
Non-current Assets			
(a) Property, Plant and Equipment	3a	478	1,110
(b) Capital Work in Progress		59	30
(c) Other Intangible Assets	3b	1,637	2,396
(d) Financial Assets			
(i) Investments	5	6,146	6,146
(ii) Loans	6	-	85
(iii) Other Financial Assets	6a	2,265	-
(e) Current Tax Assets	4	16	106
(f) Other Non-current Assets	7	132	345
Total Non-current Assets		**10,733**	**10,218**
Current Assets			
(a) Inventories	8	1,061	1,682
(b) Financial Assets			
(i) Trade Receivables	9	29,692	27,121
(ii) Cash and Cash Equivalents	10	12,682	20,669
(iii) Other Financial Assets	11	11,305	9,324
(c) Other Current Assets	12	2,639	1,920
Total Current Assets		**57,379**	**60,716**
Total Assets		**68,112**	**70,934**
Equity and Liabilities			
Equity			
(a) Share Capital	13	75,000	75,000
(b) Other Equity	14	(94,270)	(103,077)
Total Equity		**(19,270)**	**(28,077)**
Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	38,000	45,000
(b) Provisions	16	8	305
(c) Deferred Tax Liabilities (net)	27b	44	19
(d) Other Non Current Liabilities	17	46	142
Total Non-current Liabilities		**38,098**	**45,466**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables		42,263	45,453
(b) Other Current Liabilities	18	5,919	6,129
(c) Provisions	16	427	858
(d) Current Tax Liabilities	19	675	1,105
Total Current Liabilities		**49,284**	**53,545**
Total Liabilities		**87,382**	**99,011**
Total Equity and Liabilities		**68,112**	**70,934**
Corporate information and significant accounting policies and notes to the financial statements.	1-38		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: June 03, 2020

For and on behalf of the board

Director

Place: Texas, USA
Date: June 02, 2020

Director

Place: Texas, USA
Date: June 02, 2020

Statement of Profit and Loss for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

Income:	**Notes**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Revenue from Operations (net)	20a	103,518	106,249
Other Income	21	15,764	923
Total Income		**119,282**	**107,172**
Expenses:			
Cost of Goods Sold	22	31,932	35,993
Employee Benefits Expense	23	21,890	25,234
Finance Costs	24	1,502	11,404
Depreciation and Amortization Expense	25	1,886	6,497
Other Expenses	26	52,965	59,380
Total Expenses		**110,175**	**138,508**
Profit/(Loss) Before Tax		**9,107**	**(31,336)**
Tax Expense			
Current Tax	27a	(64)	672
Short provision for tax relating to prior years	27a	339	-
Net Current Tax expense	275	672	
Deferred Tax	27a	25	(34)
Net Tax Expense		**300**	**638**
(Loss) for the Year		**8,807**	**(31,974)**
Other Comprehensive Income:			
Items that will be Reclassified to Profit or Loss:			
Unwinding of Hedge		-	167
Total Other Comprehensive Income		**-**	**167**
Total Comprehensive Income/(Loss) for the Year		**8,807**	**(31,807)**
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As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: June 03, 2020

For and on behalf of the board

Director

Place: Texas, USA
Date: June 02, 2020

Director

Place: Texas, USA
Date: June 02, 2020

Statement of Changes in Equity for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

A. Share Capital

	Total
Balance as at January 1, 2018	**342,219**
Issue of common stock	1,275
Cancellation of common stock on account of merger*	(343,494)
Addition of common stock on account of merger*	75,000
Balance as at December 31, 2018	**75,000**
Movement during the year	**-**
Balance as at December 31, 2019	**75,000**

B. Other Equity

	Reserves and Surplus		Other Comprehensive Income	Total
	Capital Reserve	Retained Earnings		
Balance as at January 1, 2018	**-**	**(349,062)**	**(167)**	**(349,229)**
(Loss) for the year	-	(31,974)	**-**	**(31,974)**
Adjustments during the year				
Merger Impact*	(103,077)	381,036	-	**277,959**
Unwinding of Hedge	-	-	167	**167**
Balance as at December 31, 2018	**(103,077)**	**-**	**-**	**(103,077)**
Profit for the year	**-**	**8,807**	**-**	**8,807**
Balance as at December 31, 2019	**(103,077)**	**8,807**	**-**	**(94,270)**

*Refer to Note 33.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: June 03, 2020

For and on behalf of the board

Director

Place: Texas, USA
Date: June 02, 2020

Director

Place: Texas, USA
Date: June 02, 2020

Cash Flow Statement for the Year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

		For the year ended December 31, 2019	For the year ended December 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Income/(Loss) before tax	**9,107**	**(31,336)**
	Adjustments for:		
	Depreciation and Amortisation expense	1,886	6,497
	Provision for doubtful debts written-back	-	(6)
	Net Loss on disposal of property, plant and equipment and intangible assets	56	14
	Provision for warranty written-back	(584)	(152)
	Intercompany trade payables written back	(14,523)	-
	Finance costs	1,502	11,404
	Interest Income	(299)	(267)
	Operating Income/(Loss) before working capital changes	**(2,855)**	**(13,846)**
	Changes in working capital:		
	Decrease in inventories	621	2,457
	(Increase) / Decrease in trade and other receivables	(6,957)	7,144
	Increase / (Decrease) in trade, other payables and provisions	10,883	(5,194)
	Cash generated/(used in) Operating Activities	**1,692**	**(9,439)**
	Income Taxes (paid) (net)	(615)	(817)
	Net cash generated/(used in) from Operating Activities	**1,077**	**(10,256)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and other Intangible assets	(580)	(212)
	Proceeds from sale of property, plant and equipment and other intangible assets	-	2
	Proceeds from sale of a subsidiary	-	-
	Interest received	18	-
	Net cash (used in) from Investing Activities	**(562)**	**(210)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	-	45,000
	Proceeds from long-term borrowings	-	37,878
	Repayment of long-term borrowings	(7,000)	(53,878)
	Finance costs paid	(1,502)	(11,404)
	Net cash (used in)/generated from Financing Activities	**(8,502)**	**17,596**
	Net (decrease)/increase in Cash And Cash Equivalents (A+B+C)	**(7,987)**	**7,130**
	Cash and Cash equivalents at the beginning of the year	20,669	6,684
	Add: Addition on account of merger. (Refer note 33)	-	6,855
	Cash and cash equivalent at end of year (Refer Note 10)	**12,682**	**20,669**

Note: Changes in liabilities arising from financing.

			Non-cash changes		
	As at January 1, 2018	**Cash flows**	**Fair value changes**	**Current / non-current classification**	**As at December 31, 2018**
Borrowings - non current	-	45,000	-	-	45,000
Other financial liabilities	16,000	(16,000)	-	-	-
	As at January 1, 2019	**Cash flows**	**Fair value changes**	**Current / non-current classification**	**As at December 31, 2019**
Borrowings - non current	45,000	(7,000)	-	-	38,000

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: June 03, 2020

For and on behalf of the board

Director

Place: Texas, USA
Date: June 02, 2020

Director

Place: Texas, USA
Date: June 02, 2020

Notes to the Financial Statements for the year ended December 31, 2019

1. General Information

Radisys Corporation ("the Company") was incorporated on March 18, 1987, in Oregon. The principal office of the Company is situated at 5435 NE Dawson Creek Dr. Hillsboro, OR 97124 United States. With effect from December 11, 2018, the Company has become a wholly owned subsidiary of Reliance Industries Limited (RIL), an Indian listed company (Refer to Note 33). Subsequent to the year end, Jio Platforms Limited became the intermediate holding company, while RIL continues to be the ultimate Parent.

The Company is engaged in the business of open telecom solutions enabling service providers to drive disruption with new open architecture business models. The Company's innovative disaggregated and virtualized enabling technology solutions leverage open reference architectures and standards, combined with open software and hardware to power business transformation for the telecom industry, while its world-class services organization delivers systems integration expertise necessary to solve communications and content providers' complex deployment challenges.

2.1 Basis of Preparation and Presentation

These Special Purpose financial statements have been prepared for the limited purpose of preparation of consolidated financial statements of Radisys Corporation, from the audited consolidated trial balance which includes balances pertaining to the components, using accounting policies as specified hereinafter.

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting polices below.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Summary of Significant Accounting Policies

A. Changes in Accounting Policies

The Company has changed its accounting policy with regard to 'Leases' using prospective approach, effective annual reporting period beginning January 01, 2019.

The change in accounting policy will result into recognition of Lease liability measured at the present value of the remaining lease payments. The Right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of its application. The change in accounting policy has no material impact during the year.

Refer note 2.2 E Significant accounting policies – Leases in the Annual financial statement of the Company for the year ended December 31, 2018.

B. Business Combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration.

Notes to the Financial Statements for the year ended December 31, 2019

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, records the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their respective carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognized as capital reserve under equity.

C. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management and includes borrowing costs capitalised in accordance with the Company's accounting policy. The Company depreciates property, plant and equipment over the useful lives as prescribed below:

Class of asset *	Useful life
Plant & Equipment	1 - 5 years
Office Equipment	1 – 5 years

Leasehold improvements are depreciated over primary lease period.

*For these class of assets, based on internal technical assessment, taking into account the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed-off are reported at the lower of the carrying value or the fair value less cost to sell.

D. Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

The estimated useful life of intangible assets is mentioned below:

Class of asset	Useful life
Software	3 – 5 years

Class of asset	Useful life
Purchased Technology	2 – 5 years
Trade Names	10 years
Customer Lists	6 years
Patents	2 – 5 years

The useful lives and the amortisation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Notes to the Financial Statements for the year ended December 31, 2019

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

E. Investment in Subsidiaries

The Company has accounted for its investments in Subsidiaries at cost less impairment loss (if any).

F. Leases

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term leases (defined as leases with a lease term of 12 months or less) and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

G. Impairment of non-financial assets

Assessment is done at the end of each reporting period as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at end of each reporting period as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

H. Foreign Currency Transaction and Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. US Dollar), using the exchange rate at the date of transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements for the year ended December 31, 2019

Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rate at the date when the fair value is measured.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the 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 Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

I. Inventories

Inventories are stated at the lower of cost, determined on a standard cost basis and net realizable value. Standard cost basis approximates actual cost on a first-in, first-out basis. The Company evaluates inventory for obsolete or slow-moving items to ascertain if the recorded allowance is reasonable and adequate. Inventory is written down for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions.

J. Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation. Revenue is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

<u>Sale of products</u>:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or upon delivery of the software master to the customer, as may be specified in the contract. Revenue from customers for royalties is recorded when the revenue recognition criteria have been met.

<u>Rendering of services</u>:

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. Technical support services revenue is recognized as earned on the straight-line basis over the term of the contract.

Professional services revenue is recognized upon completion of certain contractual milestones. Other services revenues include hardware repair services which is recognized when the services are complete.

K. Employee Benefits

The undiscounted amount of short-term and long-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive.

Defined Contribution Plans:

The Company's contribution under the 401(k) plan which is a defined contribution plan is charged as an expense when services are rendered by the employees.

L. Borrowing costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

Notes to the Financial Statements for the year ended December 31, 2019

M. Taxation

Taxes on income

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or in equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the balance sheet date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

N. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefit is probable.

O. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

P. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits having maturity of three months or less. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Q. Financial Instruments

i. Financial Assets

a. Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular purchase and sale of financial assets are recognised using trade date accounting.

Notes to the Financial Statements for the year ended December 31, 2019

b. Subsequent measurement

Financial assets carried at amortised cost (AC):

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI):

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL):

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Equity instruments

Equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

d. Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model to the following:

(a) Financial assets at amortised cost

(b) Financial assets measured at fair value through Other Comprehensive Income

The Company follows the 'simplified approach' for recognition of impairment loss allowance. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from its initial recognition.

The Company uses historical experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial Liabilities

a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans, borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in Statement of Profit and Loss as finance cost.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to the Financial Statements for the year ended December 31, 2019

iii. Derecognition of Financial Instrument

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the Statement of Profit and Loss.

iv. Fair value of Financial Instrument

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future dates.

2.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management of the Company is required to make judgements, estimates and assumptions about the carrying amount of the assets and liability that are not readily apparent. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(a) Provision for warranty

Provision for warranty is considered based on the average warranty expense incurred in the preceding 24 months, the warranty period ranges from 12 months to 24 months as per provisions of the contracts.

(b) Impairment of non-financial assets

Where indicators of impairment exist for an asset or cash generating unit ("CGU") Management determines the recoverable amount. As part of that determination, in assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, a valuation model is used.

(c) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions, as well as, forward looking estimates at the end of each reporting period.

(d) Income Taxes

Significant judgements are involved in estimating and determining the provision for income tax, including amount expected to be paid / recovered or uncertain tax positions.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in thousand, unless otherwise stated)

3a Property, Plant and Equipment

Description of Assets	Leasehold Improvements	Plant and Equipment	Office Equipment	Total
I. Gross Block				
Balance as at January 1, 2018	**956**	**12,561**	**3,528**	**17,045**
Additions	84	123	93	300
Disposals	-	(2,349)	(34)	(2,383)
Adjustments	-	(82)	-	(82)
Balance as at December 31, 2018	**1,040**	**10,253**	**3,587**	**14,880**
Additions	-	221	191	412
Disposals	-	(951)	(162)	(1,113)
Adjustments	-	-	-	-
Balance as at December 31, 2019	**1,040**	**9,523**	**3,616**	**14,179**
II. Accumulated Depreciation				
Balance as at January 1, 2018	**926**	**10,562**	**3,029**	**14,517**
Depreciation expense for the year	62	1,278	280	1,620
Disposals	-	(2,334)	(33)	(2,367)
Adjustments	-	-	-	-
Balance as at December 31, 2018	**988**	**9,506**	**3,276**	**13,770**
Depreciation expense for the year	37	718	233	988
Disposals	-	(920)	(137)	(1,057)
Adjustments	-	-	-	-
Balance as at December 31, 2019	**1,025**	**9,304**	**3,372**	**13,701**
Net block (I-II)				
Balance as at December 31, 2019	15	219	244	478
Balance as at December 31, 2018	52	747	311	1,110

There are no contractual commitments for the acquisition of Property, Plant and Equipment.

3b Other Intangible Assets (Acquired Separately)

Description of Assets	Computer Software	Purchased Technology	Trade Names	Customer Lists	Patents	Total
I. Gross Block						
Balance as at January 1, 2018	**8,903**	**114,754**	**11,536**	**37,000**	**6,472**	**178,665**
Additions	66	-	-	-	-	66
Disposals	-	-	-	-	-	-
Balance as at December 31, 2018	**8,969**	**114,754**	**11,536**	**37,000**	**6,472**	**178,731**
Additions	139	-	-	-	-	139
Disposals	-	-	-	-	(6,472)	(6,472)
Balance as at December 31, 2019	**9,108**	**114,754**	**11,536**	**37,000**	**-**	**172,398**
II. Accumulated Amortisation						
Balance as at January 1, 2018	**8,558**	**110,674**	**8,754**	**37,000**	**6,472**	**171,458**
Amortisation expense for the year	49	4,080	748	-	-	4,877
Balance as at December 31, 2018	**8,607**	**114,754**	**9,502**	**37,000**	**6,472**	**176,335**
Amortisation expense for the year	66	-	832	-	-	898
Disposals	-	-	-	-	(6,472)	(6,472)
Balance as at December 31, 2019	**8,673**	**114,754**	**10,334**	**37,000**	**-**	**170,761**
Net block (I-II)						
Balance as at December 31, 2019	435	-	1,202	-		1,637
Balance as at December 31, 2018	362	-	2,034	-		2,396

There are no contractual commitments for the acquisition of Other Intangible Assets.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

4	Current Tax Assets	As at December 31, 2019	As at December 31, 2018
	Income Tax Receivable	16	106
	Total	**16**	**106**

5	Investments	As at December 31, 2019	As at December 31, 2018
	Investments in Subsidiaries (unquoted at cost, unless stated otherwise)		
	Radisys International LLC	5,509	5,509
	Radisys Ireland (3 Ordinary Shares of € 1 each)	*	*
	Radisys UK Limited (1,900 Ordinary Shares of €100 each)	317	317
	Radisys B.V. (650 Ordinary Shares of NLG 100 each)	320	320
	Radisys Canada Inc. (1 Common Stock with no par value and 39,333 Preferred Stock with no par value)	45,918	45,918
	Radisys International Singapore Pte.Ltd. (1 Ordinary Share of S$1 each)	**	**
	Aggregate amount of Investments in Subsidiaries (A)	**52,064**	**52,064**
	Less: Provision for impairment in value of investments:		
	Radisys Canada Inc.	45,918	45,918
	Aggregate provision for impairment in value of investments (B)	**45,918**	**45,918**
	Total (A-B)	**6,146**	**6,146**

* represents USD 4
** represents USD 1

6	Loans (Non-Current, unsecured, considered good)	As at December 31, 2019	As at December 31, 2018
	Security Deposits	-	85
	Total	**-**	**85**

6a	Other Financial Assets (Non-Current)	As at December 31, 2019	As at December 31, 2018
	Unbilled revenue	2,265	-
	Total	**2,265**	**-**

7	Other Non-current Assets	As at December 31, 2019	As at December 31, 2018
	Advance Warranty Stores and Spares	132	345
	Total	**132**	**345**

8	Inventories	As at December 31, 2019	As at December 31, 2018
	Stock-in-Trade	1,061	1,682
	Total	**1,061**	**1,682**

The cost of inventories recognized during the year is disclosed in Note 22.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

9	Trade Receivables (Unsecured)	As at December 31, 2019	As at December 31, 2018
	Considered good	29,692	27,121
	Considered doubtful	321	144
		30,013	**27,265**
	Less: Allowance for doubtful debts	321	144
	Total	**29,692**	**27,121**

Receivables with a single external customer of over 5% of the outstanding balance:

Customer A	19.0%	29.7%
Customer B	15.4%	10.0%

10	Cash and Cash Equivalents	As at December 31, 2019	As at December 31, 2018
	Balances with banks	8,177	20,669
	Short-term funds with Financial Institution	4,505	-
	Total	**12,682**	**20,669**

11	Other Financial Assets (Current)	As at December 31, 2019	As at December 31, 2018
	Unbilled Revenue	5,126	3,426
	Notes Receivable from Related Parties (Refer Note 29)	3,293	3,293
	Interest Receivable from Related Parties (Refer Note 29)	2,886	2,605
	Total	**11,305**	**9,324**

12	Other Current Assets	As at December 31, 2019	As at December 31, 2018
	Prepaid Expenses	1,754	1,230
	Balances with Government Authorities	703	255
	Others	182	435
	Total	**2,639**	**1,920**

13	Share Capital #	As at December 31, 2019	As at December 31, 2018
	(i) Authorised and issued share capital		
	Authorised:		
	150,000 common stock with par value of $10.00 per share	-	-
	Issued, Subscribed and Paid-up:		
	7,500 common stock with par value of $10.00 per share	75,000	75,000
	Total	**75,000**	**75,000**

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

13 Share Capital *(Contd.)*

(ii) Movements in common stock

	Number of shares	Amount
As at January 1, 2018	39,280	342,219
Issue of common stock	340	1,275
Cancellation on account of merger*	(39,620)	(343,494)
Addition on account of merger*	7,500	75,000
As at December 31, 2018	**7,500**	**75,000**
As at December 31, 2019	**7,500**	**75,000**

*Refer to Note 33.

(iii) Details of shareholders holding more than 5% of the common stock:

Name of the shareholder	As at December 31, 2019	
	Number of shares held	% of holding
As at December 31, 2018		
Reliance Industries Limited (Refer Note 33)	7,500	100%
As at December 31, 2019		
Reliance Industries Limited (Refer Note 33)	7,500	100%

(iv) Subsequent to the year-end, Jio Platforms Limited became the intermediate holding company with Reliance Industries Limited, being the ultimate Parent.

(iv) Terms/rights attached to common stock

The shareholders have voting rights in the proportion of their shareholding. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all preferential amount, in the proportion of their shareholding.

All number of shares are in thousands

14 Other Equity

	Reserves and Surplus		Other Comprehensive Income	Total
	Capital Reserve	Retained Earnings		
Balance as at January 1, 2018	**-**	**(349,062)**	**(167)**	**(349,229)**
(Loss) for the year	-	(31,974)	**-**	**(31,974)**
Adjustments during the year				
Merger Impact*	(103,077)	381,036	-	**277,959**
Unwinding of Hedge	-	-	167	**167**
Balance as at December 31, 2018	**(103,077)**	**-**	**-**	**(103,077)**
Profit (loss) for the year	**-**	8,807	-	**8,807**
Balance as at December 31, 2019	**(103,077)**	**8,807**	**-**	**(94,270)**

*Refer to Note 33.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

15	Borrowings (Non current, Unsecured)	As at December 31, 2019	As at December 31, 2018
	Loan from Bank (Refer to Note 15.1)	38,000	45,000
	Total	**38,000**	**45,000**

15.1 On December 7, 2018 Intergraded Cloud Orchestration ("Merger Sub") entered into an agreement with Bank of America, N.A. for uncommitted line of credit with aggregate advances outstanding thereunder not at any time to exceed $45,000 ('000) in aggregate principal amount. Each Loan shall bear interest payable by the Merger Sub on the outstanding principal amount thereof at a rate per annum equal to LIBOR for such Interest Period plus the applicable rate. Each Loan shall be due and payable on the earliest of: (a) the maturity date for such Loan agreed to by the Lender and the Merger Sub at the time such Loan is made, (b) the Maturity Date and (c) the date specified in the notice of acceleration following an Event of Default that is continuing. Accrued and unpaid interest on each Loan shall be due and payable on each Interest Payment Date. The original maturity date was November 30, 2020 which has been extended to January 31, 2022. Reliance Industries Limited ("the Parent") has provided letter of comfort to Bank of America, N.A.

The above loan was acquired by the Company consequent to merger of Merger Sub with the Company (Refer Note 33). The proceeds from the loan were used to repay the then existing borrowings.

On September 27, 2019 the Company made partial repayment amounting to $7,000,000 to Bank of America.

16	Provisions	As at December 31, 2019	As at December 31, 2018
	Non-Current		
	– Provision for Warranty	8	305
		8	**305**
	Current		
	– Provision for Warranty	380	667
	– Provision for Adverse Purchase Commitments	23	191
	– Provision for Restructuring Cost	24	-
		427	**858**
	Total	**435**	**1,163**

16.1 Provision for warranty

The Company provides for the estimated cost of product warranties at the time it recognizes revenue. Products are generally sold with warranty coverage for a period of 12 or 24 months after shipment. On a yearly basis, the Company assesses the reasonableness and adequacy of warranty provisions.

Provision for adverse purchase commitments

The Company enters into certain non-cancellable contractual obligations to procure certain inventories from its suppliers. In the event the Company estimates that the inventories are no longer required for the Company's operations, a provision is taken against the obligations.

Provision for restructuring cost

The Company engages in restructuring actions which requires the Company, to make estimates for severance and other employee separation costs.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

16.2 Movement in provisions

	Provision for warranty	Provision for adverse purchase commitments	Provision for restructuring cost	Total
Opening balance at January 1, 2018	**1,124**	**3,263**	**1,158**	**5,545**
Additions	-	589	178	767
Utilizations / Reversals	(152)	(3,661)	(1,336)	(5,149)
Closing balance at December 31, 2018	**972**	**191**	**-**	**1,163**
Additions	-	23	1,911	1,934
Utilizations / Reversals	(584)	(191)	(1,887)	(2,662)
Closing balance at December 31, 2019	**388**	**23**	**24**	**435**

17	Other Non Current Liabilities	As at December 31, 2019	As at December 31, 2018
	Deferred Rent	-	29
	Deferred Revenue	46	113
	Total	**46**	**142**

18	Other Current Liabilities	As at December 31, 2019	As at December 31, 2018
	Deferred Revenue	5,062	5,230
	Deferred Rent	28	135
	Statutory Payables	132	262
	Other Payables	697	502
	Total	**5,919**	**6,129**

19	Current Tax Liabilities	As at December 31, 2019	As at December 31, 2018
	Provision for income tax (net)	675	1,105
	Total	**675**	**1,105**

20a	Revenue from Operations (net)	Year ended December 31, 2019	Year ended December 31, 2018
	Sale of products (Refer Note 29)	72,480	71,020
	Sale of services	31,038	35,229
	Total	**103,518**	**106,249**

20b	Revenue from Contracts with Customers disaggregated based on geography	Year ended December 31, 2019	Year ended December 31, 2018
	United States of America (USA)	43,521	43,346
	North and South America excluding USA	1,051	506
	Europe, Middle East and Africa	40,553	46,695
	Asia-Pacific	18,393	15,702
	Total	**103,518**	**106,249**

20c The amounts receivable from customers become due after expiry of credit period. Average collection period is in the range of 100-120 days. Significant financing components are appropriately accounted for based on Ind AS 115.

The Company provides agreed upon specification warranty for selected range of products. The amount of liability towards such warranty are disclosed in note 16.

The Company does not have any material remaining performance obligation as contracts entered for sale of products and services are for a shorter duration.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

21	**Other Income**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
	Interest income on Note Receivable from Related Parties (Refer Note 29)	281	267
	Interest income on banks deposits	18	-
	Net gain on foreign currency transactions and translation	-	504
	Intercompany trade payable written back (Refer Note 29)	14,523	-
	Provision for warranty written back	584	152
	Miscellaneous Income	358	-
	Total	**15,764**	**923**

22	**Cost of Goods Sold**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
	Opening stock (Stock-in-Trade)	1,682	4,139
	Add: Purchases of trading goods	31,311	33,536
	Less: Closing stock (Stock-in-Trade)	(1,061)	(1,682)
	Total	**31,932**	**35,993**

23	**Employee Benefits Expense**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
	Salaries and wages (including contribution to defined contribution scheme)	20,216	21,955
	Share based payments to employees (Refer Note 33)	-	1,168
	Staff Welfare Expenses	1,674	2,111
	Total	**21,890**	**25,2324**

25	**Finance Costs**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
	Interest		
	Interest on borrowings measured at amortized cost:	1,502	3,496
	Other borrowing costs		
	(a) Expenses related to debt extinguishment	-	5,032
	(b) Other ancillary costs incurred in connection with borrowing	-	2,876
	Total	**1,502**	**11,404**

25	**Depreciation and Amortisation Expense**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
	Depreciation on Property, Plant and Equipment (Refer Note 3a)	988	1,620
	Amortization on Intangible Assets (Refer Note 3b)	898	4,877
	Total	**1,886**	**6,497**

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

26	Other Expenses	Year ended December 31, 2019	Year ended December 31, 2018
	Subcontracting Charges (Refer note 29)	39,572	35,067
	Legal and Professional Fees	3,466	11,723
	Travelling and conveyance expenses	1,328	1,357
	Commission to others	393	715
	Repairs and Maintenance	1,328	1,412
	Equipment and Services	533	751
	Freight and Handling charges	739	1,622
	Leases (Refer Note 30)	477	453
	Telephone and internet charges	130	163
	Insurance	168	880
	Electricity Expenses	161	162
	Membership Fees	609	543
	Marketing Expense	933	888
	Product Development expenses	1,178	882
	Rates and taxes	322	285
	Directors Fees	-	159
	Loss of sale of Property, Plant and Equipment and Other Intangible Assets (net)	56	14
	Provision for Doubtful Debts	177	-
	Miscellaneous expenses	1,395	2,306
	Total	**52,965**	**59,382**

Income Tax Expense:

Note	Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
27a	**Income Tax recognised in the Statement of Profit and Loss**		
	Current Tax:		
	In respect of current year		
	Federal	-	-
	State	33	(21)
	Foreign	(97)	693
		(64)	**672**
	Adjustments in respect of previous year	339	-
	Net current tax expense recognised in the Statement of Profit and Loss	**275**	**672**
	Deferred Tax:		
	In respect of current year		
	Federal	11	(36)
	State	14	2
	Foreign	-	-
		25	(34)
	Income tax expense	**300**	**638**

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

27b Movement in deferred tax balances:

Particulars	Opening Balance	Charge / (credit) to the Statement of Profit and Loss	Closing Balance
For the year ended December 31, 2019			
Deferred Tax Assets			
Accrued Warranty	223	134	89
Inventory	2,688	64	2,624
Net Operating Loss carry forward	19,594	(2,109)	21,703
Tax Credits carry forward	1,402	-	1,402
Accrued Bonus	2,025	(123)	2,148
Property, Plant and Equipment	620	125	495
Goodwill and other intangibles	1,597	(1,386)	2,983
Deferred revenue	1,223	48	1,175
Subsidiary service accruals	4,890	(813)	5,703
Others	1,317	320	997
Total Deferred Tax Asset	**35,579**	**(3,740)**	**39,319**
Less: Valuation Allowance #	(35,411)	3,851	(39,262)
Net Deferred Tax Assets	**168**	**111**	**57**
Deferred Tax Liability			
Others	(187)	(86)	(101)
Total Deferred Tax Liability	**(187)**	**(86)**	**(101)**
Net Deferred tax (liability)	**(19)**	**25**	**(44)**

Deferred tax assets are recognised only to the extent it is probable that sufficient future taxable income will be available against which the deductible temporary difference can be utilized.

27c The income tax expenses can be reconciled to the accounting profit as follows:

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit/(Loss) before tax	9,107	(31,336)
Federal income tax calculated @ 21%	-	-
State tax calculated @ 2.4%	33	(21)
Non-deductible expenses (benefits)	(1,717)	1,261
Tax effect of changes in net operating loss and tax credits, net of valuation allowances	1,742	(1,295)
Foreign taxes	(97)	693
Total	**(39)**	**638**
Adjustments in respect of current income tax of previous year	339	-
Income Tax expenses recognised in Statement of Profit and Loss	**300**	**638**

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

28 Segment Information

The Company is in the business of trading of hardware solutions, providing software solutions and related services. The primary business activities of the Company's product lines are in support of open-standards communications infrastructure. This includes both complete systems (hardware/software solutions) as well as stand-alone software products. The Company's chief operating decision maker (CODM), its Chief Executive Officer, evaluates financial performance and allocates resources at a consolidated level. The CODM is the final decision maker for all resource allocations and oversees a functional executive team. Considering this, the Company has a single reportable business segment.

Geographical information

	USA	Outside USA	Total
Revenue			
For the year ended December 31, 2019	43,521	59,997	103,518
For the year ended December 31, 2018	43,346	62,903	106,249
Non-current assets			
As at December 31, 2019	10,483	250	10,733
As at December 31, 2018	9,273	945	10,218

Transaction with a single external customer of over 10% of the Company revenue

Customer A 32.7%

29 Related Party Disclosures

1. List of related parties where control exists and related parties with whom transactions have taken place and relationships;

Name of the related party	Relation
Reliance Industries Limited	Parent Company (w.e.f. Dec 11, 2018) and Ultimate Parent Company (w.e.f. Apr 14, 2020) (Control exists)
Jio Platforms Limited	Parent Company (w.e.f. Apr 14, 2020) (Control exists)
Radisys Poland sp. z o.o.	Subsidiary (control exists)
Radisys U.K. Limited	Subsidiary (control exists)
Radisys GmbH	Subsidiary (control exists)
Radisys Canada Inc.	Subsidiary (control exists)
Radisys B.V.	Subsidiary (control exists)
Radisys Systems Equipment Trading (Shanghai) Co. Ltd.	Subsidiary (control exists)
Radisys International LLC	Subsidiary (control exists)
Radisys Technologies (Shenzhen) Co. Ltd.	Subsidiary (control exists)
Radisys Spain S.L.U.	Subsidiary (control exists)
Radisys Cayman Limited	Subsidiary (control exists)
Radisys International Singapore PTE. LTD.	Subsidiary (control exists)
Radisys Convedia (Ireland) Limited	Subsidiary (control exists)
Radisys India Private Limited	Subsidiary (up to December 24, 2018) & Fellow Subsidiary (w.e.f. December 25, 2018)
Reliance Jio Infocomm Limited	Fellow Subsidiary (w.e.f. Dec 11, 2018)
Reliance Corporate IT Park Limited	Fellow Subsidiary (w.e.f. Dec 11, 2018)
Brian Bronson - Chief Executive Officer (up to March 6, 2019)	Key Management Personnel
Jon Wilson - Chief Financial Officer (up to April 12, 2019)	Key Management Personnel
Steve Domenik - Director (up to December 11, 2018)	Key Management Personnel
Michael Hulchyj - Director (up to December 11, 2018)	Key Management Personnel
Arun Bhikshesvaran- Chief Executive Officer (from July 8, 2019)	Key Management Personnel
Don Crosby - Chief Financial Officer (from June 3, 2019)	Key Management Personnel

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

2. Details of related party transactions during the year ended December 31, 2019

Name of the related party	Balances as at year end	As at December 31, 2019	As at December 31, 2018
Radisys Convedia (Ireland) Limited	Trade Receivables	249	175
Reliance Corporate IT Park Limited	Trade Receivables	-	525
Reliance Jio Infocomm Limited	Trade Receivables	4,661	1,154
Radisys Technologies (Shenzhen) Co. Ltd.	Interest Receivable	2,886	2,605
Radisys Technologies (Shenzhen) Co. Ltd.	Notes Receivable	3,243	3,243
Radisys International Singapore PTE. LTD.	Notes Receivable	50	50
Radisys B.V.	Trade Payables	600	693
Radisys GmbH	Trade Payables	621	848
Radisys Systems Equipment Trading (Shanghai) Co. Ltd.	Trade Payables	1,438	1,700
Radisys International Singapore PTE. LTD.	Trade Payables	251	181
Radisys Canada Inc.	Trade Payables	3,722	3,463
Radisys India Private Limited	Trade Payables	15,762	16,945
Radisys Technologies (Shenzhen) Co. Ltd.	Trade Payables	5,177	5,020
Radisys Spain S.L.U.	Trade Payables	104	155
Radisys U.K. Limited	Trade Payables	1,036	1,015
Radisys International LLC.	Trade Payables	19	21
Radisys Poland sp. z o.o.	Trade Payables	120	119
Key management personnel	Trade Payables	253	1,734

Name of the related party	Nature of transaction	As at December 31, 2019	As at December 31, 2018
Radisys India Private Limited	Subcontracting Charges	34,016	27,508
Radisys Canada Inc.	Subcontracting Charges	1,404	939
Radisys International LLC	Subcontracting Charges	46	340
Radisys Technologies (Shenzhen) Co. Ltd.	Subcontracting Charges	726	2,537
Radisys B.V.	Subcontracting Charges	642	644
Radisys GmbH	Subcontracting Charges	1,053	1,273
Radisys U.K. Limited	Subcontracting Charges	443	468
Radisys Poland sp. z o.o.	Subcontracting Charges	5	203
Radisys Spain S.L.U.	Subcontracting Charges	287	302
Radisys Systems Equipment Trading (Shanghai) Co. Ltd.	Subcontracting Charges	478	444
Radisys International Singapore PTE. LTD.	Subcontracting Charges	472	409
Radisys India Private Limited	Reimbursement Expense	62	-
Radisys Technologies (Shenzhen) Co. Ltd.	Revenue from Operations	-	4
Reliance Jio Infocomm Limited	Revenue from Operations	6,728	-
Radisys Technologies (Shenzhen) Co. Ltd.	Cost of Good Sold	-	4
Radisys International LLC.	Intercompany trade payable written back	14,197	-
Radisys Systems Equipment Trading (Shanghai) Co. Ltd.	Intercompany trade payable written back	326	-
Radisys Technologies (Shenzhen) Co. Ltd.	Interest received	281	267
Key management personnel	Remuneration and benefits (includes directors' fees)	2,275	3,372

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

30 Leases

The Company has taken certain of its office premises that expire at various dates through 2021, along with options that permit renewals for additional periods. Rent escalations are considered in the determination of straight-line rent expense for leases.

(i) Lease Liabilities - Maturity Analysis (Undiscounted basis)

Particulars	As at December 31, 2019	As at December 31, 2018
Not later than one year	258	595
Later than one year and not later than five years	-	258
Later than five years	-	-
	258	853

The total cash outflow for leases amount to USD 477 (Dec 2018: USD 453), pertains to short-term and low value leases.

31 Financial Risk Management Objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, loans, trade receivables, other receivables, and investments.

The following disclosures summarize the Company's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company with the support of its Parent (Reliance Industries Limited), will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required.

Capital Management Risk:

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual planning and budgeting and its plan for working capital and borrowings. The funding requirements are met through equity, internal accruals and borrowings. The Company is not exposed to any externally imposed capital requirements.

<u>Gearing ratio:</u>

The gearing ratio at the end of the period was as follows

Particulars	As at December 31, 2019	As at December 31, 2018
Debt #	38,000	45,000
Less: Cash and cash equivalents	(12,682)	(20,669)
Net debt	25,318	24,331
Total equity	(19,270)	(28,077)
Net debt to equity ratio	-131%	-87%

Debt is defined as long term and short term borrowings excluding derivatives, financial guarantee contracts and contingent contracts.

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk. Financial instruments affected by market risk include borrowings, trade & other payables, trade & other receivables and loans.

Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest risk. The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movement in interest rates closely.

32A Category-wise Classification of Financial Instruments

Non-current Current

Particulars	Notes	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Financial assets					
A. Measured at amortised cost (AC)					
(i) Investments	5	6,146	6,146	-	-
(ii) Loans	6	-	85	-	-
(iii) Trade Receivables	9	-	-	29,692	27,121
(iv) Cash and Cash Equivalents	10	-	-	12,682	20,669
(v) Other Financial Assets	6a, 11	2,265	-	11,305	9,324
Financial liabilities					
A. Measured at amortised cost (AC)					
(i) Borrowings	15	38,000	45,000	-	-
(ii) Trade payables		-	-	42,263	45,453

32B Fair Value Measurement:

The carrying amount of financial assets and financial liabilities measured at amortized cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

33 Acquisition note

During the previous year, on December 11, 2018, pursuant to the terms of the Merger Agreement between Reliance Industries Limited ("Reliance"), Integrated Cloud Orchestration ("ICO") ("Merger Sub"), and Radisys Corporation ("the Company"), Reliance acquired Radisys through the merger. By virtue of the Merger Agreement, Merger Sub was merged into the Company. As a result of the merger, the Company became a wholly owned subsidiary of Reliance. By virtue of the merger, each share of common stock, $10 par value per share, of Merger Sub, issued and outstanding immediately prior to the effective time, were converted into common stock of the Company.

The merger of Merger Sub with the Company was accounted using pooling of interest method whereby the assets, liabilities, and equity of the Merger Sub were taken over at their respective carrying values. The existing common stock of the Company together with balance in Other Equity and the investment in the Company held by Merger Sub was transferred to and recorded as Capital Reserve in the books of the Company.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts in USD thousand, unless otherwise stated)

34 Contingent Liabilities and Commitments

There is no contingent liability / commitment outstanding as at December 31, 2019.

35 COVID -19 Disclosure

The outbreak of Coronavirus (COVID-19) pandemic Globally is causing significant disturbance and slowdown of economic activity. U.S. has been significantly hit by Coronavirus pandemic. The Company has determined that these events are non-adjusting subsequent events and therefore an evaluation of the impact, if any, on the balance sheet as at December 31, 2019 has not been made. While presently, it is not possible to evaluate the impact if any on the Company's operations in the short to medium term, the pandemic could impact Company's earnings, cash flows and financial condition.

36 Going Concern Considerations

The accumulated losses have fully eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future, based on the continued support from Reliance Industries Limited (RIL), holding company which acquired the Company only in December 2018, as evidenced from the fact that RIL has issued a comfort letter to the bank, relating to the outstanding borrowings of the Company. Accordingly, these financial statements have been prepared on a going concern basis.

37 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

38 The financial statements were approved for issue by the board of directors on June 02, 2020.

As per our report of even date

For Deloitte Haskins & Sells LLP Chartered Accountants	**For and on behalf of the board**	
Abhijit A. Damle Partner Membership No. 102912	**Director**	**Director**
Place: Mumbai Date: June 03, 2020	Place: Texas, USA Date: June 02, 2020	Place: Texas, USA Date: June 02, 2020