RADISYS INTERNATIONAL SINGAPORE PTE. LTD.

Financial Statements
for the Year ended 31st December, 2018

INDEPENDENT AUDITOR’S REPORT TO THE MEMBER OF RADISYS INTERNATIONAL SINGAPORE PTE LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **RADISYS INTERNATIONAL SINGAPORE PTE. LTD**. (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 20.

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

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBER OF RADISYS INTERNATIONAL SINGAPORE PTE LTD.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

The financial statements for the financial year ended 31 December 2017 were audited by another firm of auditors whose report dated 29 August 2018 expressed an unmodified opinion on those financial statements.

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 31 May 2019

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018	2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	35,050	39,615
Amount due from immediate holding company (trade)	5	246,948	131,704
Other receivables and prepayment	7	9,654	9,654
Total current assets		**291,652**	**180,973**
Total assets		**291,652**	**180,973**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	8	-	3,287
Other payables and accruals	9	93,393	26,771
Amount due to immediate holding company (non-trade)	5	124,863	105,217
Income tax payable		2,777	1,254
Total current liabilitie		**221,033**	**136,529**
Capital and reserve			
Share capital	10	1	1
Retained earnings		70,618	44.443
Total equity		**70,619**	**44,444**
Total liabilities and equity		**291,652**	**180,973**

See accompanying notes to financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	2018	2017
		$	$
Revenue	11	**553,986**	**398,681**
Employee benefits expense	12	(385,561)	(212,452)
Travelling expenses		(104,684)	(110,410)
Foreign exchange gain		1,642	1,374
Other expenses		(36,040)	(46,232)
Profit before income tax		**29,343**	**30,961**
Income tax expense	13	(3,168)	(1,735)
Profit for the year, representing total comprehensive income for the year		**26,175**	**29,226**

See accompanying notes to financial statements

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

	Share Capital	Retained earnings	Total
	$	$	$
At 1 January 2017	1	15,217	15,218
Total comprehensive income for the year			
Profit for the year	-	29,226	29,226
At 31 December 2017	1	44,443	44,444
Total comprehensive income for the year			
Profit for the year	-	26,175	26,175
At 31 December 2018	1	70,618	70,619

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	2018	2017
	$	$
Cash flows from operating activities		
Profit before income tax	29,343	30,961
Adjustment for:		
Foreign exchange gain	-	(1,374)
Operating cash flows before movements in working capital	29,343	29,587
Changes in working capital:		
Trade receivable due from immediate holding	(115,244)	68,971
Other receivables and prepayment	-	(7,104)
Trade payables	(3,287)	3,386
Other payables and accruals	66,622	(94,382)
Cash (used in) generated from operating activities	(22,566)	458
Income taxes paid	(1,645)	(1,201)
Net cash used in operating activities	(24,211)	(743)
Cash flows from financing activities		
Amount due to immediate holding company	19,646	19,209
Net (decrease) increase in cash and cash equivalents	(4,565)	18,466
Cash and cash equivalents at the beginning of the year	39,615	21,149
Cash and cash equivalents at the end of the year (Note 6)	**35,050**	**39,615**

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

1. GENERAL

The Company (Registration No. 201542257R) is incorporated and domiciled in Singapore with its registered office at 38 Beach Road #29-11 South Beach Tower, Singapore 189767. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

The principal activities of the Company are the provision of sales and marketing services for the holding company.

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except for the accounting policies mentioned below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Company applied FRS 109 with an initial application date of 1 January 2018.

The significant accounting policies for financial instruments under FRS 109 is as disclosed below under "Financial Instruments".

(a) <u>Classification and measurement of financial assets and financial liabilities</u>

The Company has applied the requirements of FRS 109 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Company's financial assets and financial liabilities.

(b) <u>Impairment of financial assets</u>

FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Company has the following financial assets subject the expected credit loss impairment model under FRS 109:

- Cash and cash equivalents
- Trade and other receivables

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios.

The Company's significant accounting policies for its revenue are disclosed under "Revenue recognition" below. Apart from providing more extensive disclosures on the Company's revenue transactions, the adoption of FRS 115 did not have a material effect on the date of adoption.

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Company that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets (before 1 January 2018)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

Financial assets (from 1 January 2018)

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is de-recognised when the obligations under the liability is discharged, cancelled or expired.

Trade and other payables and accruals and amount due to immediate holding company

Trade and other payables and accruals and amount due to immediate holding company are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

REVENUE RECOGNITION (before 1 January 2018) - Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Rendering of service

Revenue from consultancy services is recognised when the services, that are of short duration, have been rendered.

\ REVENUE RECOGNITION (from 1 January 2018) - The Company recognises revenue from the provision of administrative, sales and support services to immediate holding company. Revenue is measured based on the consideration specified in a contract with the related party which is computed based on its operating costs incurred plus a fixed margin. The Company recognises revenue as a performance obligation satisfied over time.

RETIREMENT BENEFIT COSTS - Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans and are charged as an expense as they fall due.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax for the financial year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency) which is the Singapore dollars.

Transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Company's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents	35,050	39,615
Amount due to immediate holding company	246,948	131,704
Total financial assets at amortised costs	**281,998**	**171,319**
Financial liabilities		
Trade payables	-	3,287
Other payables and accruals	93,393	26,771
Amount due to immediate holding company	124,863	105,217
Total financial liabilities at amortised cost	**218,256**	**135,275**

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

(b) Financial risk management policies and objectives

The Company's major financial instruments include cash and cash equivalents amount due from immediate holding company, trade and other payables and amount due to immediate holding company. The risks associated with these financial instruments include market risk (primarily being foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

i) Foreign currency risk

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against Singapore dollar that will affect the Company's financial results and its cash flows.

The Company's exposure to foreign currency risk is with the amount due to the immediate holding company (Note 5). Management considers that such is low as the Company is able to recharge any foreign exchange loss back to its immediate holding company. Accordingly, no sensitivity analysis is prepared.

ii) Interest rate risk

The Company has minimal exposure to interest rate risk as it does not have significant interest bearing financial assets and liabilities at the end of the reporting period. As such, no sensitivity analysis is prepared.

iii) Credit risk

The Company has minimal exposure to credit risk as it provides services to its immediate holding, which management considers to be creditworthy. Cash is placed with a regulated bank.

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by matching the payment and receipt cycle. The Company's operations are financed mainly through cash generated from operations.

All financial assets and liabilities in 2018 and 2017 are repayable on demand or due within 1 year from the end of the reporting period, and are non-interest bearing.

iv) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of equity and amount due from immediate holding company.

Management reviews the capital structure on an annual basis to balance its overall capital structure through the issue of new capital and distribution of dividend.

The Company is not subject to any externally imposed capital requirements for the year ended 31 December 2018 and 2017.

5. HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of Radisys Corporation, incorporated in The United States of America. During 2018, Reliance Industries Limited, a company incorporated in India, became the ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The intercompany transactions are as follows:

	2018	2017
	$	$
Service income from immediate holding company	553,986	398,681
Expenses paid on behalf by immediate holding company	(69,718)	(50,778)

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 Decemer 31 2018

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel of the Company are the directors. A director received a fee of $2,500 (2017: $2,500)

The amount due to immediate holding company that are not denominated in the Company's functional currency are as follows:

	2018	2017
	$	$
Chinese Renminbi	57,556	37,910
United States dollar	67,307	67,307

6. CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank	35,049	39,614
Cash on hand	1	1
Cash and cash equivalents in statement of cash flows	35,050	39,615

7. OTHER RECEIVABLES AND PREPAYMENT

	2018	2017
	$	$
Prepayment	9,654	9,654

8. TRADE PAYABLES

	2018	2017
	$	$
Third party	-	3,287

9. OTHER PAYABLES AND ACCRUALS

	2018	2017
	$	$
Accrued commissions	93,393	26,771

10. SHARE CAPITAL

	2018	2017	2018	2017
	No. of shares		$	$
Issued and fully paid				
At the beginning and end of the year	1	1	1	1

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO FINANCIAL STATEMENTS
For the financial year ended 31 December 31 2018

11. REVENUE

This represents revenue earned from the provision of administrative, sales and support services rendered over time to the immediate holding company.

12. EMPLOYEE BENEFITS EXPENSE

Employee benefits expenses are all short term benefits.

13. INCOME TAX EXPENSE

	2018	2017
	$	$
Current	2,778	1,254
Underprovision of income tax in prior year	390	481
	3,168	1,735

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the financial year. The total charge for the financial year can be reconciled to the accounting profit as follows:

	2018	2017
	$	$
Profit before income tax	29,343	30,961
Income tax expense calculated at 17%	4,988	5,263
Non-taxable income	-	(234)
Non-deductible expense	3,084	-
Underprovision of income tax in prior year	390	481
Effect of partial tax exemption and corporate tax rebate	(5,183)	(3,775)
Others	(111)	-
Income tax expense recognised in profit or loss	3,168	1,735