

Company Registration No. 201210680W

Exicom Tele-Systems (Singapore) Pte. Ltd.

Annual Financial Statements
31 March 2022



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Exicom Tele-Systems (Singapore) Pte. Ltd.

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Exicom Tele-Systems (Singapore) Pte Ltd. (the "Company") for the financial year ended 31 March 2022.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors of the Company

The directors of the Company in office at the date of this statement are:

Nahata Anant
Gauravaram Navalur Chandrasekar Sailesh

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in Directors' interests in shares and debentures, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Holding registered in own name		Holdings in which the director deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The company – Exicom Tele-Systems (Singapore) Pte. Ltd.				
Nahata Anant	444,645	444,645	444,645	444,645

Exicom Tele-Systems (Singapore) Pte. Ltd.

Directors' statement

Directors' interests in shares and debentures (cont'd)

	Holding registered in own name		Holdings in which the director deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Subsidiary – Horizon Tele Systems Sdn. Bhd.				
Nahata Anant	684,068	684,068	684,068	684,068
Holding company – Exicom Tele-Systems Limited				
Nahata Anant	4,946,146	4,946,146	4,946,146	4,946,146

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

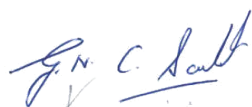
No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

Nahata Anant
Director



Gauravaram Navalur Chandrasekar Sailesh
Director

Singapore
9 June 2022

Exicom Tele-Systems (Singapore) Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

Independent auditor's report to the member of Exicom Tele-Systems (Singapore) Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Exicom Tele-Systems (Singapore) Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for other information. The other information comprises Director's 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.

Exicom Tele-Systems (Singapore) Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

Independent auditor's report to the member of Exicom Tele-Systems (Singapore) Pte. Ltd.

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 director's responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

Exicom Tele-Systems (Singapore) Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

Independent auditor's report to the member of Exicom Tele-Systems (Singapore) Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 June 2022

Exicom Tele-Systems (Singapore) Pte. Ltd.

**Statement of comprehensive income
For the financial year ended 31 March 2022**

	Note	2022 USD	2021 USD
Revenue	4	64,957,210	29,009,394
Cost of sales	5	(57,691,793)	(25,427,758)
		<hr/>	<hr/>
Other income	6	7,265,417	3,581,636
		19,557	53,420
		<hr/>	<hr/>
		7,284,974	3,635,056
Less: Expenses			
Staff costs	7	(488,104)	(463,077)
Depreciation of plant and equipment	12	(12,425)	(12,334)
Depreciation of right-of-use assets		—	(19,036)
Amortisation of intangible assets	15	(5,164)	(5,165)
Other operating expenses	8	(3,498,186)	(1,668,356)
		<hr/>	<hr/>
Finance costs	9	(15,516)	(2,216)
		<hr/>	<hr/>
Profit before taxation		3,265,579	1,464,872
Income tax expense	10	(672,563)	(808,230)
		<hr/>	<hr/>
Profit after taxation		2,593,016	656,642
		<hr/>	<hr/>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value gain on investment securities at fair value through other comprehensive income		—	26,016
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		—	26,016
		<hr/>	<hr/>
Total comprehensive income for the year		2,593,016	682,658
		<hr/>	<hr/>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Exicom Tele-Systems (Singapore) Pte. Ltd.**Statement of financial position
As at 31 March 2022**

	Note	31 March 2022 USD	31 March 2021 USD
Assets			
Non-current assets			
Plant and equipment	12	95,718	8,985
Amount due from a subsidiary	17	–	4,159,050
Investment in a subsidiary	13	–	–
Investment securities	14	80,335	80,335
Intangible assets	15	15,086	20,250
		<u>191,139</u>	<u>4,268,620</u>
Current assets			
Inventories	16	18,401	17,933
Trade and other receivables	17	14,804,785	33,078,060
Prepayments		315,967	9,438
Cash and cash equivalents	18	3,710,241	849,129
		<u>18,849,394</u>	<u>33,954,560</u>
Current liabilities			
Trade and other payables	19	6,055,788	24,046,901
Provision for taxation		668,174	1,852,724
		<u>6,723,962</u>	<u>25,899,625</u>
Net current assets		<u>12,125,432</u>	<u>8,054,935</u>
Net assets		<u>12,316,571</u>	<u>12,323,555</u>
Equity			
Share capital	20	489,454	489,454
Retained earnings		12,522,476	12,529,460
Fair value reserve	23	(695,359)	(695,359)
Total equity		<u>12,316,571</u>	<u>12,323,555</u>
Total equity and liabilities		<u>19,040,533</u>	<u>38,223,180</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Exicom Tele-Systems (Singapore) Pte. Ltd.**Statement of changes in equity
For the financial year ended 31 March 2022**

	Share capital USD (Note 20)	Retained earnings USD	Fair value reserve USD (Note 23)	Total USD
Balance at 1 April 2020	489,454	12,977,769	(1,826,326)	11,640,897
Transfer upon derecognition of equity instruments	–	(1,104,951)	1,104,951	–
Total comprehensive income for the year	–	656,642	26,016	682,658
Balance at 31 March 2021 and 1 April 2021	489,454	12,529,460	(695,359)	12,323,555
Dividends (Note 21)	–	(2,600,000)	–	(2,600,000)
Total comprehensive income for the year	–	2,593,016	–	2,593,016
Balance as at 31 March 2022	489,454	12,522,476	(695,359)	12,316,571

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Exicom Tele-Systems (Singapore) Pte. Ltd.**Statement of cash flows****For the financial year ended 31 March 2022**

	2022 USD	2021 USD
Cash flow from operating activities		
Profit before taxation	3,265,579	1,464,872
Adjustments for:		
Depreciation of plant and equipment	12,425	12,334
Depreciation of right-of-use assets	–	19,036
Amortisation of intangible assets	5,164	5,165
Unrealised foreign exchange gain	–	(11,628)
Net loss on derecognition of investment securities	–	103,327
(Reversal of)/impairment loss on trade receivables	(95,450)	190,673
Allowance for advances to vendors	80,000	–
Write off advances to vendors	869,553	–
Interest expense	–	2,216
Interest income	–	(7,463)
Operating cash flows before changes in working capital	4,137,271	1,778,532
<u>Changes in working capital:</u>		
Decrease/(increase) in trade and other receivables	22,259,222	(23,895,098)
(Increase)/decrease in prepayment	(306,529)	156
(Increase)/decrease in inventories	(468)	64,631
(Decrease)/increase in trade and other payables	(17,991,113)	22,504,036
Cash generated from operations	8,098,383	452,257
Income tax paid	(1,857,113)	(225,620)
Interest paid	–	(1,434)
Interest received	–	7,463
Net cash flow generated from operating activities	6,241,270	232,666
Cash flow from investing activities		
Advances to a subsidiary	(681,000)	–
Purchase of plant and equipment	(99,158)	–
Net cash flow used in investing activities	(780,158)	–
Cash flow from financing activities		
Dividend paid	(2,600,000)	–
Principal portion of repayment of lease liabilities	–	(31,153)
Interest portion of repayment of lease liabilities	–	(782)
Net cash flow used in financing activities	(2,600,000)	(31,935)
Net increase in cash and cash equivalents	2,861,112	200,731
Cash and cash equivalents at beginning of financial year	849,129	648,398
Cash and cash equivalents at the end of the financial year	3,710,241	849,129

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is incorporated and domiciled in Singapore with its principal place of business and registered office at 7500A Beach Road #12-318/9, The Plaza, Singapore 199591.

The principal activities of the Company are those of wholesale, retail sale of all types of telecom equipment including general importers and exporters and development and customisation of telecom equipment. There have been no significant changes in the nature of these activities during the financial year.

Related companies in these financial statements relate to Exicom Tele-Systems Ltd.'s group of companies.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements have been prepared on a historical cost basis and are presented in United States Dollars (USD or US\$).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretation applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Insurance Contracts	1 January 2023
Amendments to FRS 117	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the other standards and interpretation above will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency

The financial statements are presented in United States dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Computers	– 5 years
R&D equipment	– 5 years
Furniture and fittings	– 5 years
Office equipment	– 5 years
Renovation	– 5 years
Tools and equipment	– 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Subsequent measurement

Investments in debt instruments

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

2. Summary of significant accounting policies (cont'd)

2.8 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in equity instruments

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

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

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

The Company consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and deposit with a financial institution that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.11 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for on a first-in-first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. Summary of significant accounting policies (cont'd)

2.12 Revenue recognition

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

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

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of tele-communication products

The Company supplies telecommunication product. Revenue from sale of tele-communication products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

2.13 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.13 Taxes (cont'd)

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.14 Employees benefits

(i) Defined contribution plan

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.15 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

2.16 Provision

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.17 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 Subsidiary

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less impairment losses.

2.19 Basis of consolidation

The financial statements of the subsidiary as at 31 March 2022 have not been consolidated with those of the Company in accordance with FRS 10, Consolidated Financial Statements. The Company itself is a wholly-owned subsidiary of a company incorporated in Gurugram, India. The financial statements of the Company and its subsidiary have been consolidated with the ultimate holding company's financial statements.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue

Disaggregation of revenue

	2022 USD	2021 USD
Major product		
Sale of tele-communication products	64,957,210	29,009,394
Timing of transfer of goods		
At a point in time	64,957,210	29,009,394

Exicom Tele-Systems (Singapore) Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****5. Cost of sales**

	2022 USD	2021 USD
Changes in inventories	57,690,581	25,427,570
Domestic purchases, customs duty and clearance charges	1,212	188
	<u>57,691,793</u>	<u>25,427,758</u>

6. Other income

	2022 USD	2021 USD
Interest income	–	7,463
Government grant income	–	22,457
Other income	19,557	23,500
	<u>19,557</u>	<u>53,420</u>

In 2021, the Company received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Company assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grant will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary cost for which the grant is intended to compensate is recognised as expenses.

7. Staff costs

	2022 USD	2021 USD
Wages, salaries and bonuses	464,617	447,174
Central Provident Fund ("CPF") and other defined contribution plans	20,317	11,975
Others	3,170	3,928
	<u>488,104</u>	<u>463,077</u>

Exicom Tele-Systems (Singapore) Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

8. Other operating expenses

The following items have been included in arriving at other operating expenses:

	2022	2021
	USD	USD
Realised foreign exchange loss	3,086	6,020
Unrealised foreign exchange gain	–	(11,628)
Management fee expenses	200,220	130,292
Royalty charges	1,623,279	429,119
Warranty expense	460,805	567,168
Net loss on derecognition of investment securities	–	103,327
(Reversal of)/impairment loss on trade receivables	(95,450)	190,673
Provision for slow moving stock	–	42,445
Selling expenses	72,052	18,041
Travelling and vehicle expenses	4,712	1,672
Allowance for advances to vendors	80,000	–
Write off advances to vendors	869,553	–

9. Finance costs

	2022	2021
	USD	USD
Bank charges	15,516	2,216

10. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2022 and 2021 are:

	2022 USD	2021 USD
Current income taxation		
- Income tax	668,174	209,464
- Under provision in respect of prior years	4,389	598,766
	<hr/>	<hr/>
Income tax expense recognised in the statement of comprehensive income	672,563	808,230
	<hr/>	<hr/>

(b) Relationship between tax expenses and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March 2022 and 2021 is as follows:

	2022 USD	2021 USD
Profit before tax	3,265,579	1,464,872
	<hr/>	<hr/>
Tax at statutory rate of 17% (2021: 17%)	555,148	249,028
Adjustments:		
Non-deductible expenses	135,112	915
Income not subject to tax	(3,324)	(9,789)
Effect of tax exemption and relief	(18,762)	(30,690)
Under provision in respect of prior years	4,389	598,766
	<hr/>	<hr/>
Income tax expense recognised in the statement of comprehensive income	672,563	808,230
	<hr/>	<hr/>

Exicom Tele-Systems (Singapore) Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2022

11. Plant and equipment

	Computers USD	R&D equipment USD	Furniture and fittings USD	Office equipment USD	Renovation USD	Tools and equipment USD	Total USD
Cost:							
At 1 April 2020, 31 March 2021 and 1 April 2021	13,192	26,550	645	652	5,969	18,200	65,208
Additions	1,919	82,500	–	–	–	14,739	99,158
At 31 March 2022	15,111	109,050	645	652	5,969	32,939	164,366
Accumulated depreciation:							
At 1 April 2020	8,902	20,475	434	374	4,623	9,081	43,889
Charge for the year	1,658	5,607	127	118	1,177	3,647	12,334
At 31 March 2021 and 1 April 2021	10,560	26,082	561	492	5,800	12,728	56,223
Charge for the year	1,262	6,714	78	64	168	4,139	12,425
At 31 March 2022	11,822	32,796	639	556	5,968	16,867	68,648
Net book value							
At 31 March 2021	2,632	468	84	160	169	5,472	8,985
At 31 March 2022	3,289	76,254	6	96	1	16,072	95,718

Exicom Tele-Systems (Singapore) Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****12. Investment in a subsidiary**

	2022 USD	2021 USD
Cost		
Balance at beginning and end of the year	258,660	258,660
Impairment		
Balance at beginning and end of the year	258,660	258,660
Carrying value as at end of the year	—	—

The following are the details of the subsidiary:

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2022	2021
Horizon Tele Systems Sdn. Bhd.*	Trading of telecom equipment	Malaysia	100	100
* Horizon Tele Systems Sdn. Bhd., Malaysia was audited by TCMK Associated, Kuala Lumpur, Malaysia.				

13. Investment securities

	2022 USD	2021 USD
At fair value through other comprehensive income		
- Equity securities (quoted)	80,335	80,335

The Company has elected to measure these equity securities at FVOCI due to the Company's intention to hold these equity instruments for long-term appreciation:

	2022 USD	2021 USD
At fair value through other comprehensive income		
- Equity securities (quoted)		
Koovs Ltd.		
Clean Motion AB	80,335	80,335
	80,335	80,335

Exicom Tele-Systems (Singapore) Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2022

14. Intangible assets

	Accounting software USD	License USD	Total USD
Cost:			
At 31 March 2021, 1 April 2021 and 31 March 2022	16,812	9,013	25,825
Accumulated depreciation:			
At 1 April 2020	—	410	410
Charge for the year	3,365	1,800	5,165
At 31 March 2021 and 1 April 2021	3,365	2,210	5,575
Charge for the year	3,353	1,811	5,164
At 31 March 2022	6,718	4,021	10,739
Net book value			
At 31 March 2021	13,447	6,803	20,250
At 31 March 2022	10,094	4,992	15,086

15. Inventories

	2022 USD	2021 USD
Statement of financial position		
Finished goods (at cost)	18,401	17,933
Inventories recognised as an expense in cost of sales (Note 5)	57,690,581	25,427,570

Exicom Tele-Systems (Singapore) Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2022

16. Trade and other receivables

	2022 USD	2021 USD
<u>Trade receivables</u>		
Amount due from immediate holding company	4,586,873	6,291,328
Amount due from a subsidiary	19,346	–
Third parties	5,822,930	25,864,340
Less: Allowance for impairment loss on trade receivables	(95,223)	(190,673)
Net trade receivables	10,333,926	31,964,995
<u>Other receivables</u>		
GST receivables	–	1,084
Other receivables	60,744	56,856
Advances	46,151	1,053,045
Amount due from a subsidiary (current)	4,363,964	2,080
	4,470,859	1,113,065
Total trade and other receivables	14,804,785	33,078,060
Add: Cash and cash equivalents (Note 18)	3,710,241	849,129
Add: Amount due from a subsidiary (non-current)	–	4,159,050
Less: GST receivables	–	(1,084)
Total financial assets carried at amortised cost	18,515,026	38,085,155

Trade receivables are non-interest bearing and are generally on 60 to 150 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Non-trade amounts due from a subsidiary are unsecured, interest-free and repayable on demand.

Expected credit losses (ECL)

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2022 USD	2021 USD
Movement in allowance accounts:		
Balance at beginning of the year	190,673	–
(Reversal)/charge for the year	(95,450)	190,673
Balance at end of the year	95,223	190,673

Exicom Tele-Systems (Singapore) Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****17. Cash and cash equivalents**

	2022 USD	2021 USD
Cash at bank	3,129,641	268,529
Fixed deposit with a financial institution	580,600	580,600
Cash and cash equivalents	<u>3,710,241</u>	<u>849,129</u>

Fixed deposit with a financial institution is made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interests at 2.45% per annum.

The cash and cash equivalents denominated in foreign currency at 31 March are as follows:

	2022 USD	2021 USD
Singapore Dollars	<u>43,116</u>	<u>15,307</u>

18. Trade and other payables

	2022 USD	2021 USD
<u>Trade payables</u>		
Third parties	5,453,310	23,075,330
Amount due to a subsidiary	–	545
	<u>5,453,310</u>	<u>23,075,875</u>
<u>Other payables</u>		
Accrued expenses	505,351	97,826
GST payables	939	–
Amount due to immediate holding company	96,188	873,200
	<u>602,478</u>	<u>971,026</u>
Total trade and other payables	6,055,788	24,046,901
Less: GST payables	(939)	–
Total financial liabilities carried at amortised cost	<u>6,054,849</u>	<u>24,046,901</u>

Trade payables are recognised at their original invoice amounts which represent their fair value at initial recognition. Trade payables are non-interest bearing and are normally settled on 90 to 120 days' terms.

Non-trade amounts due from immediate holding company are unsecured, interest-free and repayable on demand.

Exicom Tele-Systems (Singapore) Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****19. Share capital**

	2022		2021	
	No. of shares	USD	No. of shares	USD
<i>Issued and fully paid ordinary shares:</i>				
At 1 April and 31 March	650,000	489,454	650,000	489,454

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

20. Dividends

	2022	2021
	USD	USD
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2022: USD 4 per share (2021: Nil)	2,600,000	—

21. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the significant related party transactions entered into by the Company on terms agreed between the parties were as follows:

	Company	
	2022	2021
	USD	USD
Sales to holding company	8,328	390,925
Warranty fee to holding company	501,632	567,168
Royalties to holding company	1,623,279	429,119
Sales to subsidiary	17,716	11,048
Management fee to subsidiary	200,220	130,292
Advances to subsidiary	681,000	—
Reimbursements to subsidiary	285,768	110,501

Key management personnel compensation

	2022	2021
	USD	USD
Salaries, bonuses and other expense	221,578	182,587

Key management personnel is the director of the Company.

22. Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of equity securities at fair value through other comprehensive income until they are disposed of or impaired.

23. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks arising from the Company's financial instruments are credit risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the Board's policies for managing each of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade receivables. For cash and bank balances, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Additionally, the Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

23. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Company has applied the simplified approach to providing for impairment for ECLs prescribed by FRS 109, which permits the use of the lifetime expected loss provision for impairment of trade receivables. The provision rates are determined based on the Company's historical observed default rates. The loss allowance provision as at 31 March 2022 and 2021 also incorporate forward looking information.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily due from mismatches of the timing of financial assets and liabilities. The Company relies on the financial support from its ultimate holding company to finance the Company's operations.

The table below summarizes the maturity profile of the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less USD	More than one year USD	Total USD
2022			
Financial assets:			
Trade and other receivables	14,804,785	—	14,804,785
Cash and cash equivalents	3,710,241	—	3,710,241
Total undiscounted financial assets	18,515,026	—	18,515,026
Financial liabilities:			
Trade and other payables, excluding GST payables	6,054,849	—	6,054,849
Total undiscounted financial liabilities	6,054,849	—	6,054,849
Total net undiscounted financial assets	12,460,177	—	12,460,177

23. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

	One year or less USD	More than one year USD	Total USD
2021			
Financial assets:			
Trade and other receivables, excluding GST receivables	33,076,976	—	33,076,976
Amount due from a subsidiary	—	4,159,050	4,159,050
Cash and cash equivalents	849,129	—	849,129
Total undiscounted financial assets	33,926,105	4,159,050	38,085,155
Financial liabilities:			
Trade and other payables	24,046,901	—	24,046,901
Total undiscounted financial liabilities	24,046,901	—	24,046,901
Total net undiscounted financial assets	9,879,204	4,159,050	14,038,254

24. Fair value

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the financial statements
For the financial year ended 31 March 2022

24. Fair value (cont'd)

(b) *Assets measured at fair value*

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

<u>Assets measured at fair value</u>	Level 1 USD	2022 Level 2 USD	Level 3 USD
Financial assets:			
Equity securities at FVOCI (Note 14)			
Quoted equity securities	80,335	–	–
Financial assets as at 31 March 2022	80,335	–	–
<u>Assets measured at fair value</u>	Level 1 USD	2021 Level 2 USD	Level 3 USD
Financial assets:			
Equity securities at FVOCI (Note 14)			
Quoted equity securities	80,335	–	–
Financial assets as at 31 March 2021	80,335	–	–

25. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2022 and 2021.

26. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 9 June 2022.