

RELIANCE JIO INFOCOMM USA, INC.

**Reliance Jio Infocomm USA Inc.**

## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors of  
Reliance Jio Infocomm USA, Inc.**

We have audited the accompanying financial statements of Reliance Jio Infocomm USA, Inc., which comprise the statement of financial position as at December 31, 2014, and the related statements of Profit or loss and Other Comprehensive Income, Statement of Changes in equity and statement of cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reliance Jio Infocomm USA, Inc. Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. : 117366W/W-100018)

Abhijit A. Damle  
Partner  
Membership No. 102912

Mumbai, dated: April 7, 2015

## Statement of profit or loss and other comprehensive income for the year ended 31 December 2014

	Notes	Year Ended 31 December 2014	Period from 5 June 2013 to 31 December 2013
(In USD)			
<b>Expenses</b>			
General and administrative expenses	4	1,316,736	223,429
Finance costs	6	-	390
<b>Loss before taxation</b>		<b>1,316,736</b>	<b>223,819</b>
Income tax expense		-	-
<b>Total comprehensive loss for the year / period</b>		<b>1,316,736</b>	<b>223,819</b>

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

## Statement of financial position at 31 December 2014

	Notes	2014	2013
(In USD)			
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment, net	7	10,881,041	2,178,188
Intangible assets, net	8	231,206	-
Available for sale investment	11	5,000,000	-
<b>Total non-current assets</b>		<b>16,112,247</b>	<b>2,178,188</b>
<b>Current assets:</b>			
Other current assets	9	229,113	44,929
Cash and cash equivalents	10	278,828	362,202
<b>Total current assets</b>		<b>507,941</b>	<b>407,131</b>
<b>Total assets</b>		<b>16,620,188</b>	<b>2,585,319</b>
<b>Equity and liabilities</b>			
<b>Equity:</b>			
Share capital	12	10	10
Additional paid-in capital	12	17,642,654	2,649,990
Accumulated Deficit		(1,540,555)	(223,819)
<b>Total equity</b>		<b>16,102,109</b>	<b>2,426,181</b>
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	13	518,079	159,138
<b>Total liabilities</b>		<b>518,079</b>	<b>159,138</b>
<b>Total equity and liabilities</b>		<b>16,620,188</b>	<b>2,585,319</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements*

For and on behalf of the Board

Mathew Oommen  
 Director  
 Date: April 7, 2015

## Statement of Changes in Equity for the year ended 31 December 2014

	Share Capital	Additional Paid-In Capital	Accumulated Deficit	Total
	(In USD)			
Balance At 5 June 2013	-	-	-	-
Shareholders' contributions	10	2,649,990		2,650,000
Total comprehensive loss for the period	-	-	(223,819)	(223,819)
<b>Balance At 31 December 2013</b>	<b>10</b>	<b>2,649,990</b>	<b>(223,819)</b>	<b>2,426,181</b>
Shareholders' contributions	-	14,992,664	-	14,992,664
Total comprehensive loss for the period	-	-	(1,316,736)	(1,316,736)
<b>Balance at 31 December 2014</b>	<b>10</b>	<b>17,642,654</b>	<b>(1,540,555)</b>	<b>16,102,109</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements*

## Statement of Cash Flow for the year ended 31 December 2014

	2014	Period from 5 June 2013 to 31 December 2013
	(In USD)	
<b>Operating activities</b>		
Loss before income taxes	(1,316,736)	(223,819)
Adjustments for:		
Depreciation and amortisation	178,830	192
Finance cost	-	(390)
Operating cash flow before movement in working capital	(1,137,906)	(224,017)
Working capital adjustment:		
Increase in other current assets	(184,184)	(44,929)
Increase in accounts payable and accrued liabilities	358,941	159,138
	174,757	114,208
Finance Cost paid	-	390
<b>Net cash used in operating activities</b>	<b>(963,149)</b>	<b>(109,418)</b>
<b>Investing activities</b>		
Payment towards property, plant and equipment (including Capital Work in Progress)	(8,719,870)	(2,178,380)
Net cash outflow on account of business combination (Refer Note 19)	(393,019)	-
Purchase of available for sale investments	(5,000,000)	-
<b>Net cash used in investing activities</b>	<b>(14,112,889)</b>	<b>(2,178,380)</b>
<b>Financing activities</b>		
Proceeds from additional paid in capital	14,992,664	2,650,000
<b>Net cash generated from financing activities</b>	<b>14,992,664</b>	<b>2,650,000</b>
<b>Net cash flow</b>	<b>(83,374)</b>	<b>362,202</b>
Cash and cash equivalents at the beginning of year	362,202	-
<b>Cash and cash equivalents at the end of year / period</b>	<b>278,828</b>	<b>362,202</b>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements*

## Notes to the Financial Statements

### For the year ended 31 December 2014

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#### 1. Corporate Information

Reliance Jio Infocomm USA, Inc. (the Company) was incorporated on 5 June 2013 with The Office of the Secretary of State, Texas. The registered office of the Company is located at 5600 Tennyson Parkway, Suite 120, Plano, TX – 75024. The company is a 100% subsidiary of Reliance Jio Infocomm Limited (RJIL), India and is incorporated for the execution and development of the International Long Distance (ILD) and content business of RJIL, the holding company.

The Network Infrastructure for ILD traffic is still under build up phase, the capacities are still being procured from vendors for connectivity and partially activated on limited scale for trial runs and testing. The commercial application of these capacities is directly linked to launch of services in India by parent RJIL.

The financial statements of the Company for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the directors on 7 April 2015.

#### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Company has applied a number of new and revised IFRSs issued by International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

##### 2.1 New and revised IFRS applied with no material effect on financial statements

###### **Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities***

The company has applied the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments of IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set off’ and ‘simultaneous realization and settlement’.

The amendments have been applied retrospectively. The company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the company’s financial statements. The company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognized in the company’s financial statements.

###### **Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets***

The company has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 *Fair value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Company’s financial statements.

###### **IFRIC 21 *Levies***

The company has applied IFRIC 21 *Levies* for the first time in the current year. IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognized in the company’s financial statements.



## Notes to the Financial Statements

### For the year ended 31 December 2014

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#### 2.2 New and revised IFRSs in issue but not yet effective

The company has not applied the following new and revised IFRSs that has been issued but are not yet effective.

IFRS 9	: Financial Instruments
Amendments to IAS 16 and IAS 38	: Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 19	: Defined Benefit Plans: Employee Contributions

### 3. Summary of Significant Accounting Policies

#### Basis of Preparation

The Company's financial statements have been prepared in accordance with IFRS, International Accounting Standards and Interpretations as issued by IASB. The financial statements have been presented in United States Dollars (USD), which is the functional currency of the Company. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

#### Going Concern

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, if any. Costs include expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Costs of day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets and starts when the asset is available for use as intended by management. Capital work in progress is not depreciated until ready for service. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

The useful lives of fixed assets are as follows:

Computer / Mobile equipment - 4 years
Furniture & equipment - 7 years
Office equipment – 4 years

#### Intangible assets

##### Intangible assets acquired in a business combination

Intangible assets are recognised in business combinations if they are separable from the other assets of the acquired company or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques

Finite-lived intangible assets that were acquired in a business combination, such as software and developed technology are amortised on a straight-line basis over their estimated useful life as follows:

Software – 5 years

The period of amortisation only starts at the point at which the asset becomes available to produce economic returns; amortisation is allocated to production costs and operating expenses.

#### Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable

## Notes to the Financial Statements

### For the year ended 31 December 2014

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amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Business combinations**

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange for control of the acquiree. Acquisition related costs are generally recognised in statement of profit or loss and other comprehensive income as incurred.

#### **Leasing**

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an “operating lease”), the total rentals payable under the lease are charged to the Statement of Profit or Loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

#### **Taxation and deferred tax**

Income tax expense represents the sum of income tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the Statement of Profit or Loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are not taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

## Notes to the Financial Statements

### For the year ended 31 December 2014

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#### **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and related party receivables, less any impairment and cash and cash equivalents are measured at amortized cost using effective interest method.

Cash and cash equivalents comprise bank balances in current accounts and are subject to an insignificant risk of changes in value.

#### *Available for sale financial assets (AFS financial assets)*

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impaired losses at the end of each reporting period.

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as advances, assets are assessed for impairment on an individual basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's 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 trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered 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 statement of profit or loss and other comprehensive income.

#### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### *Other financial liabilities*

Other financial liabilities comprise trade payables and accruals for which the accounting policy is described below:

#### **Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Accruals relates to amount to be paid in future for goods or services received, whether billed by the supplier or not.

#### **Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period and amounts of revenues and expenses

## Notes to the Financial Statements

### For the year ended 31 December 2014

recognized during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

#### Employee Benefits & Welfare

All employees are eligible to participate in Company sponsored 401(k) savings plan, which is voluntary defined contribution plan. The plan is designed to help employees accumulate and augment savings for retirement. Company makes a matching contributions on a portion of eligible contributions by employees and employees are vested in company contribution per terms of the 401k plan.

#### Payment to defined contribution

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Employees are eligible to participate in Company sponsored insurance programs that covers welfare of the employees and their eligible family members. Company bears the expense of premium in entirety or in portion depending on the type of insurance program and as per Company policy on employee welfare.

#### 4. General and administrative expenses

	<b>Year ended 31 December 2014</b>	Period from 5 June 2013 to 31 December 2013
	<b>(In USD)</b>	(In USD)
Depreciation and amortization	<b>178,830</b>	192
Employee benefits expense (Note 5)	<b>295,547</b>	55,237
Legal and professional fees	<b>62,118</b>	21,821
Communication expenses	<b>42,612</b>	13,192
Travelling expenses	<b>167,762</b>	44,629
Rent and utilities	<b>350,125</b>	67,933
Other expenses	<b>219,742</b>	20,425
	<b>1,316,736</b>	223,429

#### 5. Employee benefits expense

	<b>Year ended 31 December 2014</b>	Period from 5 June 2013 to 31 December 2013
	<b>(In USD)</b>	(In USD)
Salaries	<b>262,729</b>	53,347
Payroll tax and benefits	<b>32,818</b>	1,890
	<b>295,547</b>	55,237

The Company has made a contribution of USD 132,416 during the year towards 401(k) plan for the employees. The Company has debited USD 19,871 to the statement of profit or loss and other comprehensive income and the balance has been capitalized under capital work in progress.

## Notes to the Financial Statements

### For the year ended 31 December 2014

#### 6. Finance Cost

	Year ended 31 December 2014	Period from 5 June 2013 to 31 December 2013
	(In USD)	(In USD)
Interest Expense	-	390
	-	390

#### 7. Property, plant and equipment

	Computer Equipment	Mobile Equipment	Furniture & Equipment	Office equipment	Capital Work in progress	Total
	(In USD)					
<b>Cost:</b>						
At 1st January 2014	2,133	2,026	1,786	-	2,172,435	2,178,380
Additions	86,818	5,256	32,731	9,339	8,585,726	8,719,870
Acquisition through business combination (Refer note 19)	3,775	36	4040	-	-	7,851
At 31 December 2014	92,726	7,318	38,557	9,339	10,758,161	10,906,101
<b>Accumulated depreciation:</b>						
At 1st January 2014	59	87	46	-	-	192
Charge for the year	18,634	482	4,028	1,724	-	24,868
At 31 December 2014	18,693	569	4,074	1,724	-	25,060
Net carrying value at 31 December 2014	74,033	6,749	34,483	7,615	10,758,161	10,881,041

	Computer Equipment	Mobile Equipment	Furniture & Equipment	Office equipment	Capital Work in progress	Total
	(In USD)					
<b>Cost:</b>						
Opening Balance	-	-	-	-	-	-
Additions	2,133	2,026	1,786	-	2,172,435	2,178,380
At 31 December 2013	2,133	2,026	1,786	-	2,172,435	2,178,380
<b>Accumulated depreciation:</b>						
Opening Balance	-	-	-	-	-	-
Charge for the period	59	87	46	-	-	192
At 31 December 2013	59	87	46	-	-	192
Net carrying value at 31 December 2013	2,074	1,939	1,740	-	2,172,435	2,178,188

## Notes to the Financial Statements

### For the year ended 31 December 2014

#### 8. Intangible Assets

	Software
<b>Cost:</b>	
At 1st January 2014	-
Acquisition through business combination (Refer note 19)	<u>385,168</u>
At 31 December 2014	<u>385,168</u>
<b>Accumulated amortization:</b>	
At 1st January 2014	-
Charge for the year	<u>153,962</u>
At 31 December 2014	<u>153,962</u>
Net carrying value at 31 December 2014	<u><u>231,206</u></u>

#### 9. Other Current Assets

	At December 31, 2014	At December 31, 2013
	(In USD)	(In USD)
Other receivables	-	16,030
Prepayments	199,612	11,022
Deposits	<u>29,501</u>	<u>17,877</u>
	<u><u>229,113</u></u>	<u><u>44,929</u></u>

#### 10. Cash and Cash Equivalents

	At December 31, 2014	At December 31, 2013
	(In USD)	(In USD)
Bank balance	<u>278,828</u>	<u>362,202</u>
	<u><u>278,828</u></u>	<u><u>362,202</u></u>

#### 11. Available for Sale Investments

	At December 31, 2014	At December 31, 2013
	(In USD)	(In USD)
<b>At Cost :</b>		
At beginning of the year	-	-
Additions for the year (5,000 shares of Series D preferred stock of USD 1,000 each of Airspan Networks Inc.)	<u>5,000,000</u>	-
	<u><u>5,000,000</u></u>	<u><u>-</u></u>

## Notes to the Financial Statements

### For the year ended 31 December 2014

#### Fair Value adjustment:

Unrealised (loss) / gain	-	-
Initial recognition	5,000,000	-
At the end of the year	5,000,000	-

#### Basis for fair value

Book value of the investments has been considered as fair value under level 2 fair value hierarchy since the investment has only been made during the year on 23 June 2014 (Refer Note 16).

#### Basis for conversion

The Company has got an option to convert the above Series D preferred stock into common stock of the investee company @ 16.2601626 shares for each unit of preferred stock held by the Company.

## 12. Issued Capital

The Company had the following authorized and allotted shares at and as of the years ended:

	<u>At December 31, 2014</u>		<u>At December 31, 2013</u>	
	(In USD)	Number	(In USD)	Number
Authorized:				
Equity share capital (of US \$ 0.01 each share)	10	1,000	10	1,000
Allotted:				
Allotted, issued and fully paid up	10	1,000	10	1,000
Additional paid-in capital	17,642,654	-	2,649,990	-
<b>Equity Share Capital</b>			<b>Number of shares</b>	<b>Share Capital (in USD)</b>
Balance at 5 June 2013			-	-
Shares issued during the period			1,000	10
Balance at 31 December 2013			1,000	10
Shares issued during the year			-	-
Balance at 31 December 2014			1,000	10
<b>Additional paid in Capital</b>			<b>Paid in Capital (in USD)</b>	
Balance at 5 June 2013				-
Additions during the period				2,649,990
Balance at 31 December 2013				2,649,990
Additions during the year				14,992,664
Balance at 31 December 2014				17,642,654

The Company has received an amount aggregating USD 17,642,654 towards additional paid in capital from Reliance Jio Infocomm Limited, the parent company. The Company has one class of ordinary shares which carry equal voting rights, equal rights to income and distribution of assets on liquidation or otherwise.

## Notes to the Financial Statements

### For the year ended 31 December 2014

#### 13. Accounts Payable and Accrued Liabilities

	At December 31, 2014	At December 31, 2013
	(In USD)	(In USD)
Other liabilities and accruals	518,079	159,138
	<u>518,079</u>	<u>159,138</u>

#### 14. Capital Commitment

	At December 31, 2014	At December 31, 2013
	(In USD)	(In USD)
Capital commitment for open purchase orders	-	379,190
	<u>-</u>	<u>379,190</u>

#### 15. Deferred Tax

Deferred Tax Asset has not been recognized in the financials as the Company does not consider it probable to realize the said asset. It will be recognized in the financials and will be carried forward only when it is considered probable that the same will be realized in future.

#### 16. Fair Values of Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	2014	
	Carrying Amount	Fair Value
	(In USD)	
Financial assets:		
Available for sale investments	5,000,000	5,000,000
Cash and cash equivalents	278,828	278,828
Financial liabilities:		
Accounts payable and accrued liabilities	517,579	517,579

At the end of the reporting period, the carrying amounts of the cash and cash equivalents and financial liabilities not carried at fair values are reasonable approximation of their fair values, either due to their short-term nature or that they are re-priced to market interest rates on or near the end of the reporting period.

In respect of Available for sale investment the fair value has been determined based on the confirmation received from the issuer about the price of further issues made up to 31st December 2014.



## Notes to the Financial Statements

### For the year ended 31 December 2014

#### 17. Related-Party Disclosures

The following are the related parties to the Company and the transactions among them.

##### Related Parties

Name of the Company	Country of Incorporation	Relation	Equity Interest
Reliance Industries Limited	India	Ultimate Parent	-
Reliance Jio Infocomm Limited	India	Parent	100%
Reliance Holdings USA Inc.	USA	Fellow Subsidiary	-

##### Related-Party Transactions

Transactions with related party

Name of the Company	Nature of Transaction (Refer to Company Statements of Financial Positions)	For the year ended 31 December 2014 Amount in USD	Period from 5 June to 31 December 2013 Amount in USD
Reliance Jio Infocomm Limited	Share Capital	-	10
	Additional paid in capital	14,992,664	2,649,990
	Purchase of fixed assets	73,951	-
	Security Deposit	(25,904)	25,904
	Reimbursement of expenses	(95,763)	95,763
Reliance Industries Limited	Purchase of fixed assets	41,592	-
Reliance Holdings USA Inc.	Acquisition of Omni Symmetry	412,664	-

Balances as on 31 December 2014

Name of the Company	Nature of Transaction (Refer to Company Statements of Financial Positions)	As of 31December 2014 Amount in USD	As of 31December 2013 Amount in USD
Reliance Jio Infocomm Limited	Share Capital	10	10
	Additional paid in capital	17,642,654	2,649,990
	Security Deposit	-	25,904
	Reimbursement of expenses	-	95,763

#### 18. Financial Risk Management Objectives and Policies

##### Liquidity Risk

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

##### Capital Management

The Company's parent company will provide continuous financial support so as to enable the Company to finance its project. The Company's objectives while managing capital are to safeguard its ability to continue as a going concern. The Company is not a debt geared Company and the equity is attributable to the parents of the Company. The Capital management process is determined and managed at the parent company level.

## Notes to the Financial Statements

### For the year ended 31 December 2014

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#### 19. Business Combination

The Company vide plan and agreement of merger dated 27th March, 2014 has purchased all the assets of Omni Symmetry LLC comprising of intangible assets (purchased software) aggregating \$ 385,168 and other tangible fixed assets aggregating \$ 7,851 and bank balance aggregating \$ 19,645 totaling to \$ 412,664 from Reliance Holding USA Inc., a group Company at their book value.

The Company has considered the book value of the assets as the fair value for the purpose of accounting of the aforesaid business combination as the transfer is being made from a fellow subsidiary within the same group and the amounts involved are not material.

#### 20. Leasing Arrangements

Operating lease relate to lease of office building with lease term of 1-3 years. The company does not have an option to purchase the leased office building at the expiry of lease period.

	<u>2014</u>	<u>2013</u>
	USD	USD
<u>Payments recognised as an expense:</u>		
Minimum lease payments	<u>350,125</u>	<u>67,933</u>
	<u>350,125</u>	<u>67,933</u>

#### 21. Subsequent Events

Subsequent to the year end, the Company has formed a 100% subsidiary Reliance Jio Global Resources LLC in January 2015 with an investment aggregating USD 400,100.