RELIANCE JIO INFOCOMM USA INC

FINANCIAL STATEMENTS AND NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2017

Independent Auditors' Report

Independent Auditors' Report
To Board of Directors
Reliance Jio Infocomm USA Inc

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of Reliance Jio Infocomm USA, Inc ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

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

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs of the Company as at December 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

We further report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated: April 18, 2018

Balance Sheet as at 31st December, 2017

(in USD 000's)

Particulars	**Notes**	**As at 31st December, 2017**	**As at 31st December, 2016**
ASSETS			
Non - Current assets			
Property, Plant and Equipment	2	15,620	14,948
Financial Assets			
Investments	3	16,952	14,009
Other Non - Current Assets	4	671	71
Deferred Tax Assets (net)	5	75	
Total Non-Current assets		**33,318**	**29,028**
Current assets			
Financial Assets			
Trade receivables	6	3,144	2,304
Cash and cash equivalents	7	1,434	127
		4,578	**2,431**
Other Current Assets	8	226	539
Total Current assets		**4,804**	**2,970**
Total Assets		**38,122**	**31,998**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	38,548	34,548
Other Equity	10	(1,776)	(2,848)
Total equity		**36,772**	**31,700**
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade payables		1,263	227
Other Current liabilities	11	87	71
Total current liabilities		**1,350**	**298**
Total liabilities		**1,350**	**298**
Total Equity and Liabilities		**38,122**	**31,998**
Significant Accounting Policies	1		
See accompanying Notes to the Financial Statements	2-22		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 18th April, 2018

For and on behalf of the board

Manish Mangal
Director

Frisco
Dated: 16th April, 2018

Statement of Profit and Loss for the year ended 31st December, 2017

(in USD 000's)

	Notes	2017	2016
INCOME			
Revenue from Operations	12	12,943	3,060
Other Income	13	9	0
Total Income		**12,952**	**3,060**
EXPENSES			
Employee Benefits Expense	14	3,328	1,567
Depreciation and Amortisation Expense		1,210	644
Operating and Other expenses	15	7,395	1,238
Total Expenses		**11,933**	**3,449**
Profit /(Loss) before tax		**1,019**	(389)
Tax expense			
Current Tax		**22**	-
Deferred Tax		**(75)**	-
Profit /(Loss) for the year		**1,072**	(389)
Earnings per equity share of USD 0.01 each	16		
Basic (in USD)		**0.0003**	**(0.0001)**
Diluted (in USD)		**0.0003**	**(0.0001)**
Significant Accounting Policies	1		
See accompanying Notes to the Financial Statements	2 - 22		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 18th April, 2018

For and on behalf of the board

Manish Mangal
Director

Frisco
Dated: 16th April, 2018

Cash Flow Statement for the year ended 31st December, 2017

						(USD)
				2017		**2016**
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Net Profit/(Loss) before tax as per Statement of Profit and Loss			**1,019**		(389)
	Adjusted for:					
	Depreciation and Amortization Expense			**1,210**		644
	Operating Profit before Working Capital Changes			**2,229**		255
	Adjusted for					
	Trade and Other Receivebles		**(1,149)**		(2,678)	
	Trade and Other Payables		**1,052**		(23)	
				(97)		(2,701)
	Net cash generated from/(used) in Operating Activities (A)			**2,132**		(2,446)
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of Property,Plant and Equipment			**(1,882)**		(483)
	Purchase of Non Current Investments			**(1,500)**		(502)
	Investment in subsidiary			**(1,443)**		1,495
	Net Cash (used in)/generated from Investing Activities (B)			**(4,825)**		510
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from issuance of share capital			**4,000**		2,050
	Net Cash from Financing Activities (C)			**4,000**		2,050
	Net Increase in Cash and Cash Equivalents (A+B+C)			**1,307**		114
	Opening Balance of Cash and Cash Equivalents			**127**		13
	Closing Balance of Cash and Cash Equivalents (Refer Note 7)			**1,434**		127
	Significant Accounting Policies		1			
	Notes to the Financial statements		2-22			

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 18th April, 2018

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Manish Mangal
Director

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Statement of Changes In Equity for the year ended 31st December, 2017

(A) Equity Share Capital

	(in USD 000's)
Balance at 1st January, 2016 (USD 10)	**0**
Changes in equity share capital during the year	34,548
Balance at 31st December, 2016	**34,548**
Changes in equity share capital during the year	4,000
Balance at 31st December, 2017	**38,548**

(B) Other Equity

Particulars	**Reserves and Surplus**		**Total**
	Additional Paid in Capital	**Retained Earnings**	
As on 31st December 2016			
Balance at the beginning of the year	32,498	(2,459)	30,039
Total Comprehensive Income for the year	-	(389)	(389)
Changes in additional paid in capital during the year	(32,498)	-	(32,498)
	-	**(2,848)**	**(2,848)**
As on 31st December, 2017			
Balance at the beginning of the year	-	(2,848)	(2,848)
Total Comprehensive Income for the year	-	1,071	1,071
	-	**(1,776)**	**(1,776)**

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 18th April, 2018

For and on behalf of the board

Manish Mangal
Director

Frisco
Dated: 16th April, 2018

Notes on Financial Statements for the year ended 31st December, 2017

A 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 corporate office of the Company is located at 3010 Gaylord Parkway, Suite 150, Frisco, TX – 75034. 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.

B SIGNIFICANT ACCOUNTING POLICIES

B.1 STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015.

B.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting polices below.Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

B.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment:

Property Plant and Equipments is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Depreciation on Property Plant and Equipments is provided when the assets are ready for their intended use, on straight line method (SLM) based on the management estimated useful lives which are as under

Plant and Equipment - 15 years

Computer and Equipment - 4 years

Furniture and Fixtures - 7 years

(b) Impairment of non financial Assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where 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.

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 assessment 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 recognized immediately in the statement of profit and loss.

(c) Provisions

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 a reliable estimate can be made of the amount of the obligation.

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

(d) Leases:

Payment made under operating leases, net of lease incentives or premium received, are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease .

Notes on Financial Statements for the year ended 31st December, 2017

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

(e) Employee benefits

(i) **Short Term Employee Benefits :**

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.

(ii) **Defined contribution plans :**

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.

(f) Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if following conditions are satisfied:

- Revenue can be measured reliably,
- It is probable that the economic benefit associated with the transaction will flow to the Company,
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Notes on Financial Statements for the year ended 31st December, 2017

(g) Financial Instruments

i) Financial Assets

A. Initial recognition and measurement:

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

B. Subsequent measurement

a) Financial assets carried at amortised cost (AC)

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

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

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

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

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

ii) Financial liabilities

A. Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables,net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

B. Subsequent measurement:

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

C Critical accounting judgements and key sources of estimation uncertainty:

The preparation of the Company’s financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Depreciation and useful lives of property plant and equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company’s historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

b) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Notes on Financial Statements for the year ended 31st December, 2017

c) **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 annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

D New and revised Ind AS in issue but not effective yet

The Company has not applied the following new and revised Ind AS that have been issued but are not yet effective:IND AS 115 - Revenue from Contracts with Customers (Effective for accounting periods beginning on or after April 01, 2018)

Ind AS 115 Revenue from Contracts with Customers

In April 2017, the ICAI issued an Exposure Draft on Clarifications to Ind AS 115, applicable for accounting periods beginning on or after April 01, 2018. On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified that Ind AS 115 will be effective for accounting periods beginning on or after April 01, 2018. Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principles of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognises revenue when (or as) performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more perspective guidance has been added in Ind AS 115 to deal with specific scenarios. Furthermore, extensive disclosure requirements are required by Ind AS 115.

The Company anticipate that the application of Ind AS 115 in the future may have a significant impact on the amounts reported and disclosures made in these Ind AS financial statements. However, it is not practicable to provide a reasonable estimate of the effect of Ind AS 115 until the Company performs a detailed review.

Notes on Financial Statements for the year ended 31st December, 2017

(in USD 000's)

Description	Gross Block			Depreciation / Amortization			Net Block	
	As at 01-Jan-17	Additions	**As at 31-Dec-17**	**As at 01-Jan-17**	For the year	**As at 31-Dec-17**	**As at 31-Dec-17**	**As at 31-Dec-16**
2. Property, Plant and Equipment								
Tangible Assets :								
Own Assets :								
Office Equipments	53	-	53	12	13	25	28	41
Plant and Equipments	15,463	1,855	17,318	672	1,175	1,847	15,471	14,791
Furniture and Fixtures	135	27	162	19	22	41	121	116
Total (A)	**15,651**	**1,882**	**17,533**	**703**	**1,210**	**1,913**	**15,620**	**14,948**
Previous year	154	15,497	15,651	59	644	703	14,948	95

2. Capital work in progress includes Project Development expenditure as detailed below

		(In USD)
	2017	**2016**
Opening balance	-	14,086
Add:-		
Additions during the year	-	190
Less :- Transferred to Plant and Equipment	-	14,276
Closing balance	-	-

Notes on Financial Statements for the year ended 31st December, 2017

(in USD 000's)

3	Non-Current Investments	As at 31st December, 2017		As at 31st December, 2016	
		Units	Amount	Units	Amount
	In Units of company - Unquoted Fully Paid up				
	*Series D Preferred Stock of USD @ $1,000 per share of Airspan Networks Inc	10,000	10,000	10,000	10,000
	Series B Preferred Stock of USD @ $0.0001per share of Airhop Corporation Inc	863,856	1,500	575,904	1,000
	***8% Promissory note of Airhop Corporation Inc	-	1,000	-	-
	**Series B Preferred Stock USD @ 0.0001 USD of Airhop Corporation Inc	403,132	4	403,132	4
	In Equity Units of wholly owned subsidiary companies - Investments				
	Unquoted, fully paid up				
	Reliance Jio Global Resources LLC (including additional paid in capital of USD 4,448,415, P.Y 3,004,515)	50,000	4,448	50,000	3,005
	Total		**16,952**		**14,009**

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

** Pursuant to conversion of share warrants .

*** convertible into 575,904 units of Series B Preferred Stock upon satisfaction of certain conditions.

4	Other Non Current Assets	As at 31st December, 2017	As at 31st December, 2016
	Security Deposit	64	-
	Advance Income tax (net of Provision)	607	71
	Total	**671**	**71**

5 **Deferred tax assets (net)**

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate prevalent in the jurisdiction the Company operates in. The movement on the deferred tax account is as follows:

	As at 31st December, 2017	As at 31st December, 2016
At the start of the year	**-**	-
Credit to Profit or Loss	**75**	-
Charge to Other Comprehensive Income	**-**	-
At the end of year	**75**	**-**

Notes on Financial Statements for the year ended 31st December, 2017

Deferred tax assets at the end of the reporting period and deferred tax credit in profit or loss and other comprehensive income.

Deferred tax assets (net) in relation to:		
Property, plant and equipment	(271)	-
Carried Forward Loss	346	-
Total	**75**	**-**

6	**Trade Receivables** (Unsecured and considered good)	**As at 31st December, 2017 Amount**	**As at 31st December, 2016 Amount**
	Others	3,144	2,304
	Total	**3,144**	**2,304**

7	**Cash and cash equivalents**	**As at 31st December, 2017 Amount**	**As at 31st December, 2016 Amount**
	Balances with Banks*	1,434	127
	Total	**1,434**	**127**

*Includes deposit against credit card of USD 25016

8	**Other Current Assets**	**As at 31st December, 2017 Amount**	**As at 31st December, 2016 Amount**
	(i) Security Deposits	32	143
	(ii) Prepaid expenses	194	262
	(iii) Others	-	134
	Total	**226**	**539**

9 Equity Share Capital (in USD 000's)

Authorised Share Capital :		**As at 31st December, 2017**	**As at 31st December, 2016**
10,000,000,000 (10,000,000,000)	Equity Shares of USD 0.01 each fully paid up	100,000	100,000
		100,000	**100,000**
Issued, Subscribed and Paid up:			
3,854,766,449 (3,454,766,449)	Equity Shares of USD 0.01 each fully paid up	38,548	34,548
	TOTAL	**38,548**	**34,548**

9.1 Terms/rights attached to equity shares :

The Company has one class of ordinary shares which carry equal voting rights.In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all liabilities in proportion to the number of equity shares held by them.

Notes on Financial Statements for the year ended 31st December, 2017

9.2 Reconciliation of number of shares outstanding at the beginning and at the end of the year :

Particulars	Equity Shares 31st December, 2017 No.of Shares	31st December, 2017 in USD	31st December, 2016 No.of Shares	31st December, 2016 in USD
No. of shares at the beginning of the year (Balance as on 1st Jan 2016 amounts to 10 USD)	3,454,766,449	34,548	1,000	0
Add: Issue of Shares	400,000,000	4,000	3,454,765,449	34,548
No. of shares at the end of the year	**3,854,766,449**	**38,548**	**3,454,766,449**	**34,548**

9.3 Details of Shareholders holding more than 5% shares in the Company including those held by holding company and Subsidiaries of holding company

Name of Shareholders	Equity Shares As at 31st December, 2017 No of Shares	As at 31st December, 2017 % holding	As at 31st December, 2016 No of Shares	As at 31st December, 2016 % holding
Reliance Jio Infocomm Ltd	**3,854,766,449**	**100.00%**	3,454,766,449	100.00%

(in USD 000's)

	As at 31st December, 2017	As at 31st December, 2016
10 Other Equity		
Retained Earnings	(1,776)	(2,848)
TOTAL	**(1,776)**	**(2,848)**
Retained Earnings		
As per last Balance Sheet	(2,848)	(2,459)
Add: Profit for the year	1,072	(389)
Balance at end of year	**(1,776)**	**(2,848)**
11 Other current liabilities		
(a) Other Payables*	87	71
TOTAL	**87**	**71**

*includes statutory dues

(in USD 000's)

	2017	2016
12 Revenue from Operations	**2017**	2016
Sale of Services (Refer no 17)	12,943	3,060
TOTAL	**12,943**	3,060
13 Other Income	**2017**	2016
Interest Income (Previous year USD 7)	9	0
TOTAL	**9**	0

Notes on Financial Statements for the year ended 31st December, 2017

14	**Employee Benefits Expense**	**2017**	2016
	Salaries and Wages	3,328	1,567
	TOTAL	**3,328**	1,567

15	**Operating and Other expenses**	**2017**	2016
	Other Expenses		
	Colocation charges	667	271
	Bandwidth charges	830	213
	Voice Charges (Refer note 17)	4,344	27
	Legal and Professional Fees	119	136
	Telephone	17	16
	Travel	267	68
	Audit Fees	14	13
	General administration expenses	463	292
	Operating lease rentals	665	194
	Insurance	9	7
	TOTAL	**7,395**	**1,238**

16	**Earnings Per Share (EPS)**	**2017**	2016
	Basic Earning Per Share		
	i. Profit/ (Loss) for the year as per Statement of Profit and loss (in USD 000's)	1,072	(389)
	The financial statements are approved for the issue by the Board of Directors at their meeting conducted on April 16, 2018.		
	denominator for calculating EPS	3,679,232,202	3,454,766,449
	iii. Basic and Diluted Earnings per share (USD)	0.0003	(0.0001)
	iv. Face Value per equity share (USD)	0.01	0.01

17 Related Party Disclosures

List of related parties where control exists and related parties with whom transactions have taken place and relationship

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited (control exists)	Ultimate Holding Company
2	Reliance Jio Infocomm Limited (control exists)	Holiding Company
3	Reliance Jio Global Resources LLC (control exists)	Subsidiary Company
5	Reliance Jio Infocomm UK Ltd	Fellow Subsidiary
4	Reliance Jio Infocomm Pte Limited	Fellow Subsidiary

Notes on Financial Statements for the year ended 31st December, 2017

Transactions during the year with related parties - Jan'17 - Dec'17

(in USD 000's)

Sr. No	Nature of Transactions	Holding Company	Subsidiary	Fellow Subsidiary	Key Managerial Personnel / Relative	Total
	(excluding reimbursements)					
1	Purchase / Subscription of Investment	**-**	**1,443**	**-**	**-**	**1,443**
		-	1,495	-	-	1,495
2	Equity Shares issued and allotted	**4,000**	**-**	-	-	**4,000**
		(2,050)	-	-	-	(2,050)
3	IP Transit billing	**-**	**-**	**1,985**	**-**	**1,985**
		-	-	(1,870)	-	(1,870)
4	Voice billing	**1,865**	**-**	**-**	**-**	**1,865**
		(2,163)	-	-	-	(2,163)
5	Voice charges	**4,338**	**-**	**-**	**-**	**4,338**
		(25)	-	-	-	(25)
6	Services Rendered	**4,595**	**-**	**-**	**-**	**4,595**
		(1,184)	-	-	-	**(1,184)**
	Balances as at 31st December, 2017	(in USD)				
7	Trade Receivable	**2,120**	**-**	**771**	**-**	**2,891**
		(583)	-	(1,713)	-	(2,296)
8	Trade Payable	**748**	**-**	**-**	-	**748**
		-	-	-	-	-
9	Equity Share Capital	**38,548**	**-**	**-**	**-**	**38,548**
		(34,548)	-	-	-	(34,548)
10	Investment	**-**	**4,448**	**-**	**-**	**4,448**
		-	(3,005)	-	-	(3,005)

Note : Figures in brackets represent previous year's amounts.

Disclosure in Respect of Material Related Party Transactions during the year :

(in USD 000's)

	Particulars	Relationship	2017	2016
1	**Purchase / Subscription of Investment**			
	Reliance Jio Global Resource LLC	Subsidiary	1,443	(1,495)
	Sub total		**1,443**	**(1,495)**
2	**Equity Shares issued and allotted**			
	Reliance Jio Infocomm Limited	Holding Company	4,000	2,050
	Sub total		**4,000**	**2,050**
3	**IP Transit billing**			
	Reliance Jio Infocomm Pte Limited	Fellow Subsidiary	1,985	1,870
	Sub total		**1,985**	**1,870**

Notes on Financial Statements for the year ended 31st December, 2017

4	**Voice billing**			
	Reliance Jio Infocomm Limited	Holding Company	1,865	2,163
	Sub total		**1,865**	**2,163**
5	**Voice charges**			
	Reliance Jio Infocomm Limited	Holding Company	4,338	25
	Sub total		**4,338**	**25**
6	**Busines Support Services**			
	Reliance Jio Infocomm Limited	Holding Company	4,595	1,184
	Sub total		**4,595**	**1,184**

Balances as at 31st December, 2017

(in USD 000's)

	Particulars	Relationship	2017	2016
7	**Trade Receivable**			
	Reliance Jio Infocomm Pte Limited	Fellow Subsidiary	771	1,713
	Reliance Jio Infocomm Limited	Holding Company	2,120	583
	Sub total		**2,891**	**2,296**
8	**Trade Payable**			
	Reliance Jio Infocomm Limited	Holding Company	748	-
	Sub total		**748**	**-**
9	**Equity Share Capital**			
	Reliance Jio Infocomm Limited	Holding Company	38,548	34,548
	Sub total		**38,548**	**34,548**
10	**Investment**			
	Reliance Jio Global Resource LLC	Subsidiary	4,448	3,005
	Sub total		**4,448**	**3,005**

18 Leases

Opearating lease relate to lease of Office building on cancellable basis . The company does not have an option to purchase the leased office building at the expiry of lease period.

(in USD 000's)

	2017	2016
Lease Payment Due:		
Within one year	555	250
Later than one year and not later than five years	1,354	1,707
	1,909	1,957

The Company has entered into operating lease arrangements for office premises. The lease is non-cancellable for a period upto 5 years.

Amount of Lease Rentals charged to Statement of Profit and Loss in respect of non - cancellable operating leases:

(in USD 000's)

	2017	2016
Lease Rent - Office Premises	665	194
	665	**194**

Notes on Financial Statements for the year ended 31st December, 2017

19 CAPITAL MANAGEMENT

The Company adheres to a robust Capital Management framework which is underpinned by the following guiding principles;

a) Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while meeting investment requirements.

b) Proactively manage group exposure in forex, interest and commodities to mitigate risk to earnings.

c) Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance sheet.

Capital structure is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

20 FINANCIAL INSTRUMENTS

Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

Fair Value Measurement Hierarchy:

(In USD 000's)

Particulars	As at 31st December, 2017				As at 31st December, 2016			
	Carrying Amount	Level of input used in			Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amotised Cost								
Trade Receivables	3,144	-	-	-	2,304	-	-	-
Cash and Bank Balances	1,434	-	-	-	127	-	-	-
At FVTPL								
Investments	11,504	-	-	11,504	11,004	-	11,004	-
Financial Liabilities								
At Amortised Cost								
Trade Payables	1,263	-	-	-	227	-	-	-

The financial instruments are categorized into two levels based on inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Valuation techniques available were Net Asset value under cost approach, Market Prices method and Price of Recent Investment method under Market pproach and Comparable Companies Multiples and Comaprable Transaction Multiples under Market Approach and discounted cash flow under Income Approach. Valuation techniques used by the Company to value investments are price of recent investment method and Discounted Cash Flow Model.

Notes on Financial Statements for the year ended 31st December, 2017

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. Credit risk arises from company's activities in investments and outstanding receivables from customers.

Except for the amount owing to immediate holding company, the company has no significant concentration of credit risk with third parties. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history.Cash is held with a reputable financial institution. The carrying amount of financial asset recorded in the financial statement represents the Company's maximum exposure to credit risk .

Liquidity Risk

Considering the fact that the Company does not have material amounts of non current assets (consist of Withholding tax credit) coupled with the fact that the services are rendered exclusively to Holding Company, the Company is not exposed to a significant liquidity risk.

21 Segment information

The company is in the business of execution and developmentof international long distance and content business of Reliance Jio Infocomm Limited, the holding company. Consequently there is a single business segment.

22 The financial statements are approved for the issue by the Board of Directors at their meeting conducted on April 16, 2018.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No.102912

Mumbai
Dated : 18th April, 2018

For and on behalf of the board

Manish Mangal
Director

Frisco
Dated: 16th April, 2018