

# **ORIENT TELECOMS PLC**

## **ANNUAL REPORT AND ACCOUNTS**

for the year ended 31 March 2019



# **ORIENT TELECOMS PLC**

## **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

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## OFFICERS AND PROFESSIONAL ADVISORS

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Directors	Mark Richard Logan Pincock – <i>Executive Director</i> Sayed Mustafa Ali – <i>Executive Director</i> Ross Andrews – <i>Independent NED</i> Leon Santos – <i>Independent NED</i>
Company Secretary	London Registrar Suite A, 6 Honduras St, London EC1Y 0TH
Registered Office	London Registrar Suite A, 6 Honduras St, London EC1Y 0TH
Registered Number	10028222
Head Office	Oxley Bizhub 2 Suite #08-22, Level 8 62 Ubi Road 1 Singapore 408734
Brokers	Optiva Securities Limited 49 Berkeley Square, London, W1J 5AZ
Auditors	Crowe U.K. LLP St. Bride's House 10 Salisbury Square London EC4Y 8EH
Legal advisers to the Company	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1 JP

## **ORIENT TELECOMS PLC**

### **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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On behalf of the Board of Directors, I have great pleasure to present the Annual Report and Audited Financial Statements of Orient Telecoms Plc (the "Company") and its subsidiary undertaking (together with the "Group") for the financial year ended 31 March 2019.

#### **OVERVIEW**

Malaysia had a change of government in May 2018 and one of the first promises of the new government was the reduction of telecommunication prices. Undeterred by the challenges and armed with a cautious approach, the Group has recorded a solid performance, as evident by our first ever revenue of approximately £219,000 (2018: £nil) and net loss per share improved from £0.04 to £0.02.

Cash position remains strong at £529,278 with no borrowings.

As the Group's revenue grows, management decided to set up a subsidiary in Malaysia. Hence, Orient BB Sdn. Bhd. was setup in the second half of the financial year. This allows the Group to better serve its local customer base, while assuring local network partners of the Group's intention to grow its business in Malaysia.

For FY2020, the Group has also rolled-out a new product, which could potentially disrupt and revolutionize the way in which Small & Medium Sized Enterprises ("SME") manage and commercialise their telecommunications requirements, office assets and equipment.

For the customers with this product, rather than engaging and negotiating directly with up to a dozen different service providers and vendors, all of whom will have different service levels, contracts, delivery & payment terms, hotlines and troubleshooting procedures, Orient Telecoms' Product is a one-stop, added value product and service that can coordinate and manage all customer's office requirements under one point of contact. They can focus their attention and energy on core business activities such as developing and fine-tuning their products, understanding their market better and satisfying the requirements of their customers.

As outlined last year, the Group continues to engage in rigorous cost control, preferring instead to engage directly with potential customers on a one-to-one basis. This is achieved by the deployment of Business Consultants armed with a Marketing Tool Kit and instructed to conduct market research, identify potential leads and act as Brand Ambassadors for the company, rather than to embark on a grandiose yet unfocused general marketing campaign.

FY2019 has been a rewarding year, despite minor setbacks due to challenging business environment, the Management Team is optimistic about FY2020 and is looking forward to leveraging on the good work that has been done by our team.

Our strategy for FY2020 is to continue to develop customer-led end-to-end solutions in relation to outsourcing and managed services in the information and communication technology industry.

## **ORIENT TELECOMS PLC**

### **CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **MARKET REVIEW AND 2020 OUTLOOK**

The Group expects 2020 to be another challenging year and competition remain intense. Whilst it may not be an easy year ahead, the Group is committed to continue its efforts in improving its competitiveness by implementing various strategies include further negotiating better deals with other network provider as our business grows, which will enable efficiency in cost management and optimization. The Group promises to continuously tap the growth opportunities available in the market. Barring any unforeseen circumstances, the Group expects better performance for the year ahead.



**MARK PINCOCK**  
**Director**  
26 July 2019

## **ORIENT TELECOM PLC**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Strategy, objective and business model**

The Group has been providing managed telecommunications services using the network infrastructure owned by other network operators to enable cost effective and rapid connectivity to large bandwidth consumers initially in Malaysia and subsequently within other Southeast Asian countries. The Group aims to be a new regional network telecommunications provider offering connectivity and selling managed network services across Southeast Asia. The Group's service offering and the construction of its overlay network will require low capital expenditure and management believe this will enable it to offer attractive pricing to customers in the region.

#### **Fair review of business development and performance**

The Group's cash resources are sufficient for general corporate purposes and its operational activities such as the Group's on-going operating costs and expenses including Directors' fees and salaries.

The Group continues to keep administrative costs to a minimum.

The administrative expense of approximately £359,000 (2018: restated £205,529) and cash at bank balance of approximately £529,000 (2018: £751,387) whilst staging the company for operational roll out in FY 2020 with a motivated sales team and new customer acquisition.

#### **Principal risks and uncertainties**

The Directors have identified the following as the key risks facing the business:

##### ***- The Telecommunication sector***

The Group operates in a highly competitive and saturated market as the Group does not involve in building its own network infrastructure which would require significant capital expenditure. The Group will be dependent on entering into agreements with licensed network operators in the territories in which it operates in respect of their infrastructure in order to provide a managed service offering to customers and developing its own overlay network. The ability to establish a strong and diversified set of agreements with network operators is important to enable the Group to be able to offer competitive solutions for its customers.

In addition, the Group's operation can be disrupted by a variety of tasks and hazards which are beyond its control such as governmental delays, increase in costs and the availability of equipment or services.

##### ***- The Group's relationship with the Directors***

The Group is dependent on the Directors to identify potential business opportunities and to execute, and the loss of the services of the Directors could materially affect it.

## **ORIENT TELECOM PLC**

### **STRATEGIC REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **- *Business Strategy***


The Group is an entity with limited operating history. The Group may fail to execute its business plan or strategy that the Group will be unable to secure a customer base or to complete a business deal. This has been mitigated with experienced management, the recruitment of a calibre sales team to secure revenue contracts and the board's regular review of the Group's business plan. The Group is also confident that its product has a better edge to support SMEs and will be able to support the target growth of the Group.

#### **Going concern**

As described in note 2, these financial statements have been prepared on a going concern basis. After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 month from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Capital and returns management**

The Company expects that any returns for Shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy.



MARK PINCOCK  
**Director**  
26 July 2019

## **ORIENT TELECOMS PLC**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Directors' report**

The Directors present their report together with the audited financial statements of the Company and its subsidiary undertaking (together with the "Group") for the year ended 31 March 2019.

An indication of the likely future developments in the business of the Group are included in the Strategic Report.

#### **Results and dividends**

The results for the reporting year are set out in the Statement of Comprehensive Income on page 20. The Directors do not recommend the payment of a dividend on the ordinary shares.

#### **Directors**

The Directors of the Company during the year were:

Mark Richard Logan Pincock  
Sayed Mustafa Ali  
Ross Andrews  
Leon Santos

#### **Directors' interest**

The interest and deemed interest in the share capital of the Company and its related corporation by the Directors at the end of financial period are as follows:

	Number of ordinary shares	Percentage of share capital
Mark Richard Logan Pincock	1,000,000*	10%
Sayed Mustafa Ali	1,000,000*	10%

\*Mark Richard Logan Pincock and Sayed Mustafa Ali are the shareholders of Orient Managed Services Limited, which owns 1,000,000 ordinary shares in the Company that represents 10% interest.

No Director currently has any share options and no share options were granted to or exercised by a Director in the reporting period.

#### **Share capital, restrictions on transfer of shares, arrangements affected by change of control and other additional information**

The Company has one class of share capital, ordinary shares. All the shares rank pari passu. The articles of association of the Company contain provisions governing the transfer of shares, voting rights, the appointment and replacement of Directors and amendments to the articles of association. This accords with usual English company law provisions. There are no special control rights in relation to the Company's shares. There are no significant agreements to which the Company is a party which take effect, alter or terminate in the event of a change of control of the Company. There are no agreements providing for compensation for Directors or employees on change of control.



## **ORIENT TELECOMS PLC**

### **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Liability insurance for Company officers**

The Company has not obtained any third party indemnity for its Directors.

#### **Dividend policy**

The Company's current intention is to retain any earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

#### **Substantial shareholders**

The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 31 March 2019.

Shareholder name	Number of ordinary shares	Percentage of share capital
Orient Managed Services Limited	1,000,000	10.00%
Nordic Alliance Holding Limited	600,000	6.00%
Eastman Ventures Limited	600,000	6.00%
Belldom Limited	450,000	4.50%
VCB A.G.	440,000	4.40%
Link Summit Limited	425,000	4.30%
Infinity Mission Limited	400,000	4.00%
Peel Hunts Holdings Limited	300,000	3.00%

#### **Financial risk management and future development**

An explanation of the Group's financial risk management objectives, policies and strategies is set out in note 16.

#### **Events after the reporting date**

Events after the reporting date have been disclosed in note 21 to the financial statements.

#### **Employee and Greenhouse Gas (GHG) Emissions**

The Company is trading with less than 20 employees including directors, and therefore has minimal carbon emissions.

The Company promotes a policy for the creation of equal and ethnically diverse employment opportunities including with respect to gender. The Company promotes and encourages employee involvement wherever practical as it recognises employees as a valuable asset and is one of the key contributions to the Company's success.

## **ORIENT TELECOMS PLC**

### **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Auditors**

The auditors, Crowe U.K. LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

#### **Auditors and disclosure of information**

The directors confirm that:

- there is no relevant audit information of which the Company's statutory auditor is unaware; and
- each Director has taken all the necessary steps he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This was approved by the Board of Directors on 26 July 2019 and is signed on its behalf by;



**MARK PINCOCK**  
**Director**  
26 July 2019

## **ORIENT TELECOMS PLC**

### **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

#### **Corporate governance**

The board is committed to maintaining appropriate standards of corporate governance. The statement below explains how the Group has observed principles set out in The UK Corporate Governance Code ("the Code") as relevant to the Group and contains the information required by section 7 of the UK Listing Authority's Disclosure and Transparency Rules ("DTR").

Although the UK Corporate Governance Code is not compulsory for companies whose shares are admitted to trading on the Main Market (Standard Listing), the Board recognises the importance of sound corporate governance and have developed governance policies appropriate for the Group, given its current size and resources. The Group is a small group with modest resources. The Group has a clear mandate to optimise the allocation of limited resources to support its expansion and future plans. As such the Group strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Group evolves, the board is committed to enhancing the Group's corporate governance policies and practices deemed appropriate to the size and maturity of the organisation.

#### **Board of directors**

The board currently consists of two executive directors and two independent non-executive directors. Following its Admission, the board meets regularly throughout the year to discuss key issues and to monitor the overall performance of the Group. The board has a formal schedule of matters reserved for its decision. The board met seven times during the year. The board, led by the independent non-executive directors, evaluates the annual performance of the board and the chairman

The table below sets out the board meetings held by the Company for the year ended 31 March 2019 and attendance of each director:

	Board meetings
Mark Richard Logan Pincock	7 / 7
Sayed Mustafa Ali	7 / 7
Ross Andrews	7 / 7
Leon Santos	7 / 7

#### **Audit committee**

The audit committee, which is chaired by Ross Andrews, comprises both independent non-executive directors. The Board is satisfied that Ross Andrews has recent and relevant financial experience to guide the committee in its deliberations.

The Audit Committee determines the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board.

## **ORIENT TELECOMS PLC**

### **CORPORATE GOVERNANCE STATEMENT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

The Audit Committee is responsible for:

- monitoring in discussion with the auditors the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the Company's internal financial controls and the Company's internal control and risk management systems;
- considering annually whether there is a need for an internal audit function and make a recommendation to the Board;
- making recommendations to the Board for it to put to the shareholders for their approval in the general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant external guidance regarding the provision of non-audit services by the external audit firm; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

For the year under review, there were no non-audit services rendered to the Group and the Company. The audit committee considered the nature, scope of engagement and remuneration paid were such that the independence and objectivity of the auditors were not impaired. Fees paid for audit are provided in Note 5.

#### Remuneration committee

The remuneration committee also consists of both non-executive directors and is chaired by Leon Santos. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

The Directors' Remuneration Report is presented on page 13 to 14.

#### Nominations committee

Mark Pincock chaired the nominations committee which also consists of both independent non-executive directors. The nomination committee meets, when required, to examine the selection and appointment practises in meeting the company's need. No such meeting took place during the year.

#### Internal financial control

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial processes include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the board;
- evaluation, approval procedures and risk assessment required close involvement of the chief executive in the day-to-day operational matters of the company.

## **ORIENT TELECOMS PLC**

### **CORPORATE GOVERNANCE STATEMENT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

The directors consider the size of the company and the close involvement of executive directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

#### Relations with shareholders

The Company maintains a corporate website at <http://www.orient-telecoms.com/>. This website is updated regularly and includes information on the Company's share price as well as other relevant information concerning the Company, are available for downloading.

The presentations are given to institutional investors by the chairman when requested, normally following the publication of the Company's results, when the annual reports are delivered to all shareholders. The results of such meetings are discussed with board members to assist them in understanding the views of investors and others.

#### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare the Group and the Company financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and elected to prepare the Company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). n and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Strategic Report, Directors' report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **ORIENT TELECOMS PLC**

### **CORPORATE GOVERNANCE STATEMENT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

#### **Website publication**

The directors are responsible for ensuring that the Strategic Report, Directors' report and other information included in the annual report and the financial statements are made in accordance with applicable law in the United Kingdom. The maintenance and integrity of the Orient Telecoms Plc website is the responsibility of the Directors; work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Financial Statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ("DTR") and with International Financial Reporting Standards as adopted by the European Union.

The directors confirm, to the best of their knowledge that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic and Directors' Report include a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

## **ORIENT TELECOMS PLC**

### **DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Directors' Remuneration Report**

The Directors' Remuneration Report sets out the Company's policy on the remuneration of Directors together with the details of Directors' remuneration packages and services contracts for the period 1 April 2018 to 31 March 2019.

The Board as a whole will review the scale and structure of the Directors' fees, taking into account the interests of the shareholders and the performance of the Company and Directors.

The items included in this report are unaudited unless otherwise stated.

The Company maintains contact with its shareholders about remuneration in the same way as other matters and, as required by Section 439 of the Companies Act 2006, this remuneration report will be put to an advisory vote of the Company's shareholders at the forthcoming Annual General Meeting.

#### **Statement of Orient Telecoms plc's policy on Directors' remuneration**

As set out in the Company's Prospectus dated 18 October 2017, each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. However, the aggregate of all fees payable to the Directors must not exceed £150,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company.

In addition, any fees payable to the Directors shall be distinct from any salary, remuneration or other amounts payable to a Director under any other provisions and shall accrue from day to day.

The Board may also make provisions for pension entitlement for Directors.

There have been no changes to the Directors' remuneration or remuneration policy since the publication of the Company's Prospectus dated 18 October 2017.

#### **Terms of employment**

Mark Richard Logan Pincock has been appointed by the Company to act as an executive director under a service agreement dated 12 October 2017. His appointment commenced on 12 October 2017 and is terminable on six months' written notice on either side. He is entitled to a fee of £15,000 per annum.

Sayed Mustafa Ali has been appointed by the Company to act as an executive director under a service agreement dated 12 October 2017. His appointment commenced on 12 October 2017 and is terminable on six months' written notice on either side. He is entitled to a fee of £15,000 per annum.

Ross Andrews has been appointed by the Company to act as a non-executive director under a service agreement dated 12 October 2017. His appointment commenced on 12 October 2017 and is terminable on three months' written notice on either side. He is entitled to a fee of £20,000 per annum.

Leon Santos has been appointed by the Company to act as a non-executive director under a service agreement dated 12 October 2017. His appointment commenced on 12 October 2017 and is terminable on three months' written notice on either side. He is entitled to a fee of £15,000 per annum.

## **ORIENT TELECOMS PLC**

### **DIRECTORS' REMUNERATION REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Policy for new appointments**

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

#### **Directors' emoluments and compensation (audited)**

Directors' emoluments for the year ended 31 March 2019 are set out in note 13.

#### **Statement of Directors' shareholding and share interest**

The Directors who served during the year ended 31 March 2019, and their interests at that date, are disclosed on Page 6. There were no changes between the reporting date and the date of approval of this report.

None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

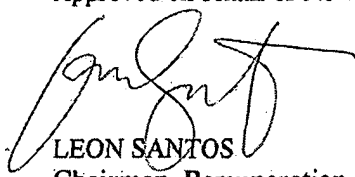
#### **Other Matters**

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

The Company does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors.

Approved on behalf of the Board of Directors.



**LEON SANTOS**  
Chairman, Remuneration Committee  
26 July 2019



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIENT TELECOMS PLC**

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### **Opinion**

We have audited the financial statements of Orient Telecoms Plc (the "Company") and its subsidiary (the "Group") for the year ended 31 March 2019, which comprise:

- the consolidated statement of comprehensive income for the year ended 31 March 2019;
- the consolidated and the Company statements of financial position as at 31 March 2019;
- the consolidated statements of cash flows for the year ended 31 March 2019;
- the consolidated and the Company statements of changes in equity for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 March 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance United Kingdom Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIENT TELECOMS PLC**

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### **Overview of our audit approach**

#### *Materiality*

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £12,000 (2018: £19,000), based on 3% of the Group's net assets at the year end.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £360 (2018: £570). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

#### *Overview of the scope of our audit*

The Company is accounted for from one central operating location based in Kuala Lumpur, Malaysia where all the Group's records were maintained.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at the significant component by us, as the primary audit engagement team. For the full scope component in Malaysia, where the work was performed by a member firm of Crowe Global Network, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed key working papers at component auditor office based in Malaysia and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIENT TELECOMS PLC

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### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

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<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p>Revenue recognition</p> <p>The Group enters into a range of client contract types. The revenue recognition policy varies depending on the underlying contract and could result in revenue being recognised at a point in time or over time where certain conditions are met.</p> <p>The transition to IFRS 15 and the application of the new accounting policies was considered to be a significant audit risk.</p>	<p>We designed procedures to test each different revenue stream and to consider whether the revenue recognition policy applied to the revenue stream was appropriate, having regard to the contractual terms and service obligations.</p> <p>We agreed the performance obligations identified by management to a sample of contracts to ensure the adopted accounting policy was appropriate. This was considered at the transition date and was also included in our year end fieldwork.</p> <p>With a small population of transactions, we selected contracts with the customers and reviewed their terms and conditions. Based on this understand, we considered of the underlying income was correctly recognised in accordance with the stated accounting policy and IFRS 15.</p>

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Our audit procedures in relation to the matter were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on the matter individually and we express no such opinion.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIENT TELECOMS PLC**

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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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company's financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns.

### **Responsibilities of the directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIENT TELECOMS PLC**

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### **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 ISAs (UK) 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.

We gained an understanding of the legal and regulatory framework applicable to the Group and the Company and considered the risk of acts by the Group and the Company which were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment

Our tests included, but were not limited to: review of the financial statement disclosures to underlying supporting documentation and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other matters which we are required to address**

We were appointed by the Board on 10 July 2017 to audit the financial statements for the year ended 31 March 2017. Our total uninterrupted period of engagement is 3 years, covering the period ended 31 March 2017 until the year ended 31 March 2019.

The provision of non-audit services to the company is prohibited under the FRC's Ethical Standard. We confirm that we have not provided any non-audit services to the Company during the financial year ended 31 December 2018 and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ORIENT TELECOMS PLC**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Leo Malkin**  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

26 July 2019

**ORIENT TELECOMS PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

		<b>Year ended 31 March 2019</b>	<b>(Restated) Year ended 31 March 2018</b>
	Notes	£	£
Revenue	4	218,822	-
Direct cost		(75,153)	-
<b>GROSS PROFIT</b>		<b>143,669</b>	<b>-</b>
Administrative expenses	5	(358,717)	(205,529)
<b>OPERATING LOSS</b>		<b>(215,048)</b>	<b>(205,529)</b>
Finance income		2,068	-
<b>LOSS BEFORE TAXATION</b>		<b>(212,980)</b>	<b>(205,529)</b>
Income tax expense	6	-	-
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>(212,980)</b>	<b>(205,529)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will or may be reclassified to profit or loss:			
Translation of foreign operation		(11,721)	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(224,701)</b>	<b>(205,529)</b>
Basic and diluted loss per share (pence)	7	(2.1)	(4.4)

The notes to the financial statements form an integral part of these financial statements.

All amounts are derived from continuing operations.

**ORIENT TELECOMS PLC**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

		<b>As at 31 March 2019</b>	<b>(Restated) As at 31 March 2018</b>	<b>(Audited) As at 1 April 2017</b>
	Notes	£	£	£
<b>CURRENT ASSETS</b>				
Bank	7	529,278	751,387	-
Trade and other receivables	8	230,011	-	2,500
		<u>759,289</u>	<u>751,387</u>	<u>2,500</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	9	<u>360,519</u>	<u>127,916</u>	<u>161,000</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>398,770</u>	<u>623,471</u>	<u>(158,500)</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital	10	1,000,000	1,000,000	12,500
Translation reserve		(11,721)	-	-
Accumulated loss		<u>(589,509)</u>	<u>(376,529)</u>	<u>(171,000)</u>
<b>TOTAL EQUITY</b>		<u>398,770</u>	<u>623,471</u>	<u>(158,500)</u>

The notes to the financial statements form an integral part of these financial statements.

This report was approved by the board and authorised for issue on 26 July 2019 and signed on its behalf by;



.....  
**MARK PINCOCK**  
Director

Registered number: 10028222



**ORIENT TELECOMS PLC**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Year ended 31 March 2019</b>	<b>(Restated) Year ended 31 March 2018</b>
	<b>£</b>	<b>£</b>
<b>Cash flow from operating activities</b>		
Loss before tax	(212,980)	(205,529)
Adjustment for:		
Finance income	(2,068)	-
	<u>(215,048)</u>	<u>(205,529)</u>
Changes in working capital		
Trade and other receivables	(17,097)	2,500
Amount due to related companies	45,283	-
Other payables	(37,315)	54,416
Cash flow from operations	<u>(224,177)</u>	<u>569,16</u>
Interest received	2,068	-
<b>Net cash outflow from operating activities</b>	<u>(222,109)</u>	<u>(148,613)</u>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share	-	900,000
<b>Net cash inflow from financing activities</b>	<u>-</u>	<u>900,000</u>
<b>Net movement in cash and cash equivalents</b>	(222,109)	751,387
<b>Cash and cash equivalents at beginning of period</b>	751,387	-
<b>Cash and cash equivalents at end of period</b>	<u>529,278</u>	<u>751,387</u>

The material non-cash transaction are disclosed in note 11.

**ORIENT TELECOMS PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Share capital £	Translation reserve £	Accumulated loss £	Total £
<b>As at 31 March 2017</b>	<u>12,500</u>	-	<u>(171,000)</u>	<u>(158,500)</u>
Loss during the year (restated)	<u>-</u>	<u>-</u>	<u>(205,529)</u>	<u>(205,529)</u>
<b>Restated total comprehensive loss for the year</b>	<u>-</u>	<u>-</u>	<u>(205,529)</u>	<u>(205,529)</u>
<i>Transactions with owners</i>				
Shares issued on incorporation	<u>987,500</u>	<u>-</u>	<u>-</u>	<u>987,500</u>
<b>As at 31 March 2018</b>	<u>1,000,000</u>	<u>-</u>	<u>(376,529)</u>	<u>623,471</u>
Translation of foreign operation	<u>-</u>	<u>(11,721)</u>	<u>-</u>	<u>(11,721)</u>
Loss during the year	<u>-</u>	<u>-</u>	<u>(212,980)</u>	<u>(212,980)</u>
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>(11,721)</u>	<u>(212,980)</u>	<u>(224,701)</u>
<b>As at 31 March 2019</b>	<u>1,000,000</u>	<u>(11,721)</u>	<u>(589,509)</u>	<u>398,770</u>

## **ORIENT TELECOMS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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#### **1. GENERAL INFORMATION**

The Company was incorporated in England and Wales on 26 February 2016, as a public company limited by shares under the UK Companies Act 2006. The registered office of the Company is at the offices of London Registrar, Suite A, 6 Honduras St, London EC1Y 0TH United Kingdom.

The Company was admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's main market for listed securities on 25 October 2017.

#### **2. ACCOUNTING POLICIES**

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Company's business activities.

##### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union (EU) and IFRIC interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

The financial information of the Company is presented in British Pound Sterling ("£").

##### **Going concern**

The Group meets its day to day working capital requirements through existing cash reserves. The Directors have considered the planned activities for period of at least twelve month period until 31 July 2020. In undertaking this assessment, they have considered the expected revenue generation in the period and have assessed that the Group will have adequate working capital for the Company and the Group to be able to meet its liabilities as they fall due.

The Group had a cash surplus of £529,278 at the reporting date and the cash balance was approximately £492,000 at 30 June 2019, which the Directors believe will be sufficient to pay its ongoing expenses and to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. These financial statements have been prepared on a going concern basis at the end of reporting period.

After making this enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Standards and interpretations issued but not yet applied**

A number of new standards and amendments to standards and interpretations have been issued by International Accounting Standards Board but are not yet effective and in some cases have not yet been adopted by the EU. The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods, except as mentioned below:

a) IFRS 16, Leases

IFRS 16 replaces, the guidance in IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of Lease. IFRS 16 is likely to require the recognition of the material operating lease commitments on the Group's statement of financial position as assets and the recognition of a corresponding liability. At 31 March 2019, the Group does not have any lease which is material and long term, Directors do not therefore anticipate the adoption of IFRS 16 will have any impact on the Group's consolidated financial statements.

During the year, the Group adopted the following new standards, amendments and interpretations with a date of initial application of 1 January 2018. The impact of these adopted standards is described as follow:

b) IFRS 9, Financial instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, introduces an expected credit loss model and redefines the criteria required for hedge effectiveness. The adoption of IFRS 9, there is no material impact on the Group's financial information for the year ended 31 December 2018 and its comparatives.

c) IFRS 15, Revenue from contracts with customer

The Group adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2018. The revenue is recognised based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated statement of financial position items (such as trade receivables, accrued income and deferred income), management is required to review performance obligations within individual contracts. The Group commenced to trade and generated its maiden revenue in July 2018. Accordingly, there is no transition impact of the comparatives financial information.

For the year under review, the Group recognises that it acts as both an agent and a principal. The Group is a principal if it is responsible for the specified good or service before that good or service is transferred to a customer. The Group is an agent if it is not responsible for arranging for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer.

Between 1 July 2018 and 31 December 2018, the Group receives payment for services from channel partner who onwardly sell to end users. The channel partner is treated as the principal in that transaction because the channel partner has the primary responsibility for providing

## **ORIENT TELECOMS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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the services to the end user; the channel partner is free to establish its own prices with or without bundling with other goods or services which are not supplied by the Group; and the channel partner bears the credit risk for the amount receivable from the end user. Accordingly the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Subsequent to 31 December 2018, the Group operates as a principal through Orient BB Sdn Bhd, a newly incorporated wholly owned subsidiary undertaking, when the Group has identified that they are primarily the principal as it primarily controls the specified services before this is transferred to the customer, as the economic risk lies with the Group. The service revenue is therefore recognised over the contract period when the customer obtains control of the distinct service.

#### **Taxation**

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary timing differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is assessed 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 deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred income tax asset to be recovered.

#### **Foreign currency**

The Group's consolidated financial statements are presented in Sterling. The functional currency of the Group's subsidiary is Ringgit Malaysia ("RM"). The Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at weighted average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

## **ORIENT TELECOMS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019**

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#### **Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### **Loan and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Trade receivables are recognised initially at the transaction price and subsequently measured at amortised cost, less any impairment losses.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a historical provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised, unless further information becomes available contrary to the increased credit risk. For those that are determined to be permanently credit impaired, lifetime expected credit losses are recognised.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

#### **Cash and cash equivalents**

The Group considers any cash on short-term deposits and other short-term investments to be cash equivalents.

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

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#### Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors.

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group's financial information.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in compliance with IFRS as adopted for use by the European Union requires the use of certain critical accounting estimates or judgements. The directors do not consider there to be any key estimation uncertainty. In respect of critical judgements, the only key judgement is the adoption of IFRS 15 Revenue from contract with customers on the basis for preparing the financial statements, details of which are set out on page 26-27.

### 4. REVENUE

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Revenue	110,286	-
Commission income	108,536	-
	<u>218,822</u>	<u>-</u>

Revenue from the rendered of managed telecommunication services to the customers, the end users, which is recognised over the time when the service is performed. Please see the accounting policy section for more details.

All revenue and commission income derived from Malaysia. Revenue excludes value added tax and other sales taxes.

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

#### 5. LOSS BEFORE TAXATION

The loss before income tax is stated after charging:

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Consultancy fee	4,000	42,140
Operating rental payments	59,930	7,400
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	21,000	12,000
Fees payable to the Company's subsidiary auditor for the audit of the subsidiary's annual accounts	2,000	-
Fees payable to the Company's auditor for other services:		
- Other transaction work	-	30,000

#### 6. INCOME TAX EXPENSE

The corporation tax in the UK applied during the year was 19% (2018: 19%).

The charge for the period can be reconciled to the loss in the Statement of Comprehensive income as follow:

	Year ended 31 March 2019	(Restated) Year ended 31 March 2018
	£	£
Loss before tax on continuing operations	(212,980)	(205,529)
Tax at the UK corporation tax rate	(40,466)	(39,050)
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Unutilised tax loss carry forward	40,466	39,050
Tax charge for the period	-	-

The Group has accumulated tax losses of approximately £589,000 (2018: restated £376,000). No deferred tax asset has been recognised in respect of the losses carried forward, due to the uncertainty as to whether the Group will generate sufficient future profits in the foreseeable future to prudently justify this.



**ORIENT TELECOMS PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 MARCH 2019****7. LOSS PER SHARE**

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

Loss per share attributed to ordinary shareholders

	Year ended 31 March 2019	(Restated) Year ended 31 March 2018
Loss for the year (£)	(212,980)	(205,529)
Weighted average number of shares (Unit)	10,000,000	4,621,918
Basic and diluted loss per share (Pence)	(2.1)	(4.4)

**8. BANK**

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March 2019 £	As at 31 March 2018 £
Great Britain Pound	18,975	707,716
Singapore Dollar	19,514	18,735
United States Dollar	26,667	24,937
Malaysia Ringgit	464,122	-
	<u>529,278</u>	<u>751,387</u>

**9. TRADE AND OTHER RECEIVABLES**

	As at 31 March 2019 £	As at 31 March 2018 £
Trade Receivables	16,159	-
Amount due from related company	212,914	-
Deposit	938	-
	<u>230,011</u>	<u>-</u>

**ORIENT TELECOMS PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 MARCH 2019****10. TRADE AND OTHER PAYABLES**

	As at 31 March 2019 £	(Restated) As at 31 March 2018 £
Amount due to related company	302,588	44,391
Accruals	55,431	73,276
Other payables	2,500	10,249
	<u>360,519</u>	<u>127,916</u>

**11. SHARE CAPITAL****Ordinary shares of £0.10 each**

	Number of shares	Amount £
Issued and paid up		
At 1 April 2018	<u>50,000</u>	<u>12,500</u>
Additional payment of the partial paid up shares	-	37,500
Subdivision of ordinary share	450,000	-
Issued of new ordinary shares to ("OMSL")	500,000	50,000
Issued of new ordinary shares on admission	9,000,000	900,000
	<u>10,000,000</u>	<u>1,000,000</u>
At 31 March 2018 and 31 March 2019		

On 29 September 2017, the existing 50,000 ordinary shares of £1.00 each was converted to 500,000 shares of £0.10 each and balance of £37,500 being fully paid. A further 500,000 new ordinary shares of £0.10 each were issued concurrently to the existing shareholder. These ordinary shares were fully paid through the conversion of the shareholder's loan owed by the Company, amounted to £87,500.

On 25 October 2017, the Company was admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's Main Market. On admission, 9,000,000 shares of £0.10 each were issued and fully paid. From listing total proceed of £900,000, the Company received net proceed of £769,860, after deduction of listing and broker cost.

At 31 March 2019, the total issued ordinary share of the Company were 10,000,000.

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

#### 12. SUBSIDIARY UNDERTAKING

The details of the subsidiaries in the Group are as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective holding</u>	<u>Principal activities</u>
Orient BB Sdn. Bhd.	Malaysia	100%	IT managed services

Below is the registered address of the subsidiary undertakings.

Orient BB Sdn. Bhd.	28, 3 <sup>rd</sup> Floor, Lorong Medan Tuanku Satu, 50300, Kuala Lumpur, Wilayah Persekutuan, Malaysia
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#### 13. EMPLOYEES AND DIRECTORS' EMOLUMENTS

	Year ended 31 March 2019	(Restated) Year ended 31 March 2018
	£	£
Staff costs (include directors)	200,366	42,614
	<u>200,366</u>	<u>42,614</u>

Directors fee during the year

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Mark Richard Logan Pincock	15,000	6,986
Sayed Mustafa Ali	15,000	6,986
Ross Andrews	19,992	9,315
Leon Santos	15,000	6,986
	<u>64,992</u>	<u>30,273</u>

The Directors' fees are payable to the third party companies in respect of their services as the directors of the Company.

The average monthly number of employees, including directors, during the year were 16 (2018: 4).

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

#### 14. SEGEMENTAL ANALYSIS

The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that in the year end 31 March 2019, the Company had a single operating segment, the provision of managed telecommunications services.

Apart from holding company activities in the UK the Group's had operation in Malaysia in the reporting year.

There are 2 customers with revenue greater than 10% during the reporting year.

#### 15. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise trade & other receivables and other payables. The Group's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instrument are set out in Note 2. The Group do not use financial instruments for speculative purposes.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

	As at 31 March 2019 £	As at 31 March 2018 £
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalent	529,278	751,387
Trade and other receivable	230,011	-
Total financial assets	<u>759,289</u>	<u>751,387</u>
<b>Financial liabilities measured at amortised cost</b>		
Amount due to related company	302,588	44,391
Trade and other payables	57,931	83,525
Total financial liabilities	<u>360,519</u>	<u>127,916</u>

## **16. FINANCIAL RISK MANAGEMENT**

The Group uses a limited number of financial instruments, comprising cash, short-term deposits and various items such as trade receivables and payables, which arise directly from operations. The Group does not trade in financial instruments and it has no external borrowing. No disclosure of the net debt reconciliation is required.

### **Financial risk factors**

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### **a) Currency risk**

The Group has transactional currency exposures arising from sales, and expenses that are denominated in a currency other than in Pounds Sterling. The foreign currency in which these transactions are denominated is mainly Ringgit Malaysia ("RM").

All of the Group's sales are denominated in foreign currencies whilst all of the Group's trade receivables are denominated in foreign currencies.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in RM) amounted to £464,122 (2018: £nil) for the Group.

#### **b) Credit risk**

The Group's credit risk is primarily attributable to deposit with banks and credit exposures to customer or counterparty. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis. The Group manages its deposits with reputable licensed banks and financial institutions by monitoring credit ratings and limiting the aggregate risk to any individual counterparty.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including the amount due from related company). At 31 March 2019, Group exposes net amount due to the related company (see note 19).

#### **c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group ensures it has adequate resource to discharge all its liabilities. The directors have considered the liquidity risk as part of their going concern assessment. (See note 2).

The maturity of the Group's financial liabilities at the statement of financial position date, based on the contracted undiscounted payments as disclosed in note 15, falls within one year and payable on demand.

### **Fair values**

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

#### 17. PRIOR YEAR RESTATEMENT

The Group has restated its previously published financial information to correct an error. Previously unrecognised expenditure of £19,746 representing staff cost and rental cost, has not been accrued in the year ended 31 March 2018. The correction is reflected in the carrying value of accrual and provision thereon.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	As at 31 March 2018 £	Increase/ (decrease) £	(Restated) As at 31 March 2018 £
<b>Statement of financial position (extracts)</b>			
Trade and other payables	(108,170)	(19,746)	(127,916)
<b>Net assets/(liabilities)</b>	<b>643,217</b>	<b>(19,746)</b>	<b>623,471</b>
Accumulated loss	(356,783)	(19,746)	(376,529)
<b>Total equity</b>	<b>643,217</b>	<b>(19,746)</b>	<b>623,471</b>

	Year ended 31 March 2018 £	Increase/ (decrease) £	(Restated) Year ended 31 March 2018 £
<b>Statement of comprehensive income (extracts)</b>			
Administrative expenses	(185,783)	(19,746)	(205,529)
<b>Loss after tax</b>	<b>(185,783)</b>	<b>(19,746)</b>	<b>(205,529)</b>

#### 18. CAPITAL MANAGEMENT POLICY

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of the equity attributable to equity holders of the Group which comprises of issued share capital and reserves.

## ORIENT TELECOMS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

#### 19. RELATED PARTY TRANSACTIONS

Key management are considered to be the directors and the key management personnel compensation has been disclosed in note 13.

In 2017, Orient Managed Services Limited entered into an agreement with a third party which provides consultancy services in relation to the listing exercise of the Company. Orient Management Services Limited is jointly owned by Mark Richard Logan Pincock and Sayed Mustafa Ali, directors of the Company.

	31 March 2019	31 March 2018
	£	£
Orient Managed Services Limited		
- Amount due to related party	44,391	44,391

The amount due to related party is interest-free and they are payable on demand.

	31 March 2019	31 March 2018
	£	£
Transaction with Orient Telecoms Sdn Bhd		
- Commission income	108,537	-
- Overhead costs settled on behalf by related party	(153,820)	-
Amount due from/(to) Orient Telecoms Sdn Bhd		
- Amount due from related party	212,914	-
- Amount due to related party	(258,197)	-
	<u>(45,283)</u>	<u>-</u>

Sayed Mustafa Ali is a director of both, the Company and Orient Telecoms Sdn Bhd.

#### 20. COMMITMENTS

The Group's future minimum lease payments under non-cancellable operating leases are as follow:

	31 March 2019	31 March 2018
	£	£
Leases which expire		
- Not later than one year	106,400	33,300
- Later than one year and not later than five years	79,800	-
	<u>186,200</u>	<u>33,300</u>

#### 21. CONTROL

The directors consider there is no ultimate controlling party.

#### 22. SUBSEQUENT EVENTS

There were no subsequent events after the reporting period.

**ORIENT TELECOMS PLC****COMPANY STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2019**

		<b>As at 31 March 2019</b>	<b>(Restated) As at 31 March 2018</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>NON CURRENT ASSETS</b>			
Investment in subsidiary	4	<u>500,000</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Bank		65,156	751,387
Trade and other receivables	5	<u>212,914</u>	<u>-</u>
		278,070	751,387
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	<u>342,837</u>	<u>127,916</u>
<b>NET ASSETS</b>			
		<u>435,233</u>	<u>623,471</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital		1,000,000	1,000,000
Accumulated loss		<u>(564,767)</u>	<u>(376,529)</u>
<b>TOTAL EQUITY</b>		<u>435,233</u>	<u>623,471</u>

The loss for the Company for the year ended 31 March 2019 was £188,238 (2018: restated £205,529).

The notes to the financial statements form an integral part of these financial statements.

This report was approved and authorised for issue by the Board of Directors on 26 July 2019 and signed on behalf by:



**Mark Pincock**  
Director



# ORIENT TELECOMS PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Accumulated loss £	Total £
<b>As at 31 March 2017</b>	12,500	(171,000)	(158,500)
Loss during the year (restated)	-	(205,529)	(205,529)
<b>Total comprehensive loss for the year</b>	-	(205,529)	(205,529)
<i>Transactions with owners</i>			
Issue of new shares	987,500	-	987,500
<b>As at 31 March 2018</b>	1,000,000	(376,529)	623,471
Loss during the year	-	(188,238)	(188,238)
<b>Total comprehensive loss for the year</b>	-	(188,238)	(188,238)
<b>As at 31 March 2019</b>	1,000,000	(564,767)	435,233

Share capital comprises the ordinary issued share capital of the Company.

Retained earnings represent the aggregate retained earnings of the Company.

The notes to the financial statements form an integral part of these financial statements.

## **ORIENT TELECOMS PLC**

### **NOTES TO THE COMPANY FINANCIAL STATEMENT**

**For the year ended 31 MARCH 2019**

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#### **1. General information**

The Company was incorporated in England and Wales on 26 February 2016, as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act. The registered office of the Company is at the offices of London Registrar, Suite A, 6 Honduras St, London EC1Y 0TH United Kingdom.

The Company was admitted to the Official List (by way of a Standard Listing) and to trading on the London Stock Exchange's main market for listed securities on 25 October, 2017.

#### **2. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared in accordance with the historical cost convention. The financial statements have been prepared in accordance with FRS 101 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 101. The transition from preparing the financial statements in accordance with International Financial Reporting Standard to FRS 101 has had no material impact on either the financial position or the financial performance as previously reported by the company. The principal accounting policies are described below.

The company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented.

##### **Investment**

Investments in subsidiaries are stated at cost less provision for impairment.

##### **Cash and cash equivalents**

Cash in the statement of financial position is cash held on call with banks.

##### **Financial assets**

The directors classify the company's financial assets as loans and receivables held at amortised cost less provisions for impairment.

The directors determine the classification of its financial assets at initial recognition.

## ORIENT TELECOMS PLC

### NOTES TO THE COMPANY FINANCIAL STATEMENT (Continued)

For the year ended 31 MARCH 2019

#### Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortised cost.

#### Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

#### 3. Staff costs

The directors are regarded as the key management and their remunerations are disclosed in note 13 to the consolidated financial statements.

#### 4. Investment in subsidiary

	Cost of investment £	Loan to group undertaking £	Total £
Addition	93,800	-	93,800
Movement of intercompany loan	-	406,200	406,200
	<u>619,114</u>	<u>406,200</u>	<u>500,000</u>

The details of the subsidiary are set out in the note 12 to the consolidated financial statements.

## ORIENT TELECOMS PLC

### NOTES TO THE COMPANY FINANCIAL STATEMENT (Continued) For the year ended 31 MARCH 2019

#### 5. Trade and other receivables

	As at 31 March 2019 £	As at 31 March 2018 £
Amount due from related company	212,914	-

The detail of the related company is set out in the note 19 to the consolidated financial statements.

#### 6. Trade and other payables

	As at 31 March 2019 £	(Restated) As at 31 March 2018 £
Amount due to related company	302,588	44,391
Accruals	37,749	73,276
Other payables	2,500	10,249
	342,837	127,916

#### 7. Share capital

The details are set out in the note 11 to the consolidated financial statements.

At 31 March 2019, the total number of issued ordinary shares of the Company was 10,000,000.