SUBEX INC.

FINANCIAL STATEMENTS

March 31, 2018

RAM ASSOCIATES, CPAS
3240 East State Street Ext.
Hamilton, NJ 08619
Ph.: 609 631 9552 Fax: 888 319 8898
pkram@ramassociates.us

SUBEX INC.

TABLE OF CONTENTS

Ram Associates

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Subex Inc.

We have audited the accompanying financial statements of Subex Inc. (a Delaware Corporation), which comprise the balance sheet as of March 31, 2018, and the related statement of operations and comprehensive loss, retained earnings, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3240 EAST STATE STREET EXT. ♦ HAMILTON, NJ 08619 ♦ (609) 631-9552/631-9553 ♦ FAX (888) 319-8898

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Subex Inc. as of March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ram Associates

Ram Associates

Hamilton, NJ
May 03, 2018.

SUBEX INC
Balance Sheet
March 31, 2018

ASSETS

Current assets		
Cash and cash equivalents	$	523,571
Accounts receivable, (net of allowances $19,831)		1,950,253
Unbilled receivables		218,907
Other current assets		91,577
Total current assets		2,784,308
Fixed assets, net		115,541
Other non-current assets		210,123
Security deposits		50,000
Due from affiliates		1,861,540
TOTAL ASSETS	$	5,021,512

LIABILITIES AND STOCKHOLDER'S DEFICIT

Current liabilities		
Accounts payable and accrued expenses	$	285,652
Payroll and payroll taxes		14,786
Other current liabilities		423,699
Total current liabilities		724,137
Long-term liabilities		
Due to affiliates		7,817,634
Deferred revenue		1,122,450
Total current and long-term liabilities		9,664,221
Stockholder's deficit		
Common stock, $.01 par value; 1,000 shares authorized, issued and outstanding		10
Accumulated deficit		(4,684,742)
Accumulated other comprehensive income		42,023
Total stockholder's deficit		(4,642,709)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	$	5,021,512

-See accompanying notes to the financial statements-

SUBEX INC

Statement of Income and Comprehensive income

For The Year Ended March 31, 2018

Net revenue	$	14,500,384
Cost of revenue		7,308,886
Gross income		7,191,498
Operating expenses		
General and administrative expenses		6,543,359
Operating income before other income and (expense)		648,139
Depreciation		(145,639)
Interest expense		(293,127)
Other income		12,845
Interest income		54
Net income before income tax		222,272
Income tax		(91,767)
Net income		130,505
Other comprehensive income:		
Unrealized foreign currency exchange income		(19,386)
Comprehensive income	$	111,119

-See accompanying notes to the financial statements-

SUBEX INC

Statements of Changes in Stockholder's Deficit

For The Year Ended March 31, 2018

	Common stock		Accumulated	Accumulated other	Total
	Shares	Amount	deficit	comprehensive income	stockholder's deficit
Balance as on March 31, 2017	1,000	$ 10	$ (4,815,247)	$ 61,409	$ (4,753,828)
Comprehensive loss				(19,386)	(19,386)
Net income			130,505		130,505
Balance as on March 31, 2018	1,000	$ 10	$ (4,684,742)	$ 42,023	$ (4,642,709)

-See accompanying notes to the financial statements-

SUBEX INC

Statements of Cash Flows

For The Year Ended March 31, 2018

Cash flows from operating activities		
Net comprehensive income	$	111,119
Adjustment to reconcile net income to net cash used in operating activities		
Depreciation		145,639
Changes in assets and liabilities:		
(Increase)/ decrease in:		
Accounts receivable		(301,394)
Unbilled receivables		345,158
Other current assets		(26,621)
Increase/ (decrease) in:		
Accounts payable and accrued expenses		(232,006)
Payroll and payroll taxes		14,786
Other current liabilities		(57,453)
Deferred revenues		(5,120)
Net cash used in operating activities		(5,892)
Cash flows from investing activities:		
Purchase of fixed assets		(335)
Decrease in other non-current assets		(198,674)
Decrease in due from affiliates		6,903,666
Net cash provided by investing activities		6,704,657
Cash flows from financing activities:		
Decrease in due to affiliates		(6,581,252)
Net cash used in financing activities		(6,581,252)
Net increase in cash and cash equivalents		117,513
Cash at the beginning of the year		406,058
Cash at the end of the year	$	523,571

Supplementary disclosure of cash flows information

Cash paid during the year for:		
Interest	$	-
Income taxes		-

-See accompanying notes to the financial statements-

1. Organization and Description of Business

Azure Solutions, Inc., a Delaware corporation was incorporated in November 2004. Azure Solutions, Inc. is a 100% subsidiary of Azure Solutions, Ltd., UK. On June 22, 2006, Subex Systems, Ltd., India acquired 100% of Azure Solutions, Ltd., UK. On November 1,2017, Subex System Ltd transferred its investments in Subex Inc to Subex Assurance LLP.

After the acquisition, Azure Solutions, Inc., Azure Solutions, Ltd., UK and Subex Systems, Ltd., India was renamed as Subex Azure, Inc., Subex Azure UK, Ltd. and Subex Azure, Ltd., respectively. Effective from December 5, 2007 Subex Azure, Inc was renamed as Subex, Inc.

Subex, Inc. ('the Company') is in a niche market providing revenue maximization solutions to communications service providers worldwide. These solutions improve the revenue and profits of the communication service providers through identification and elimination of leakages in their revenue chain. The Company conceptualizes and develops software products and is focused on the telecom business segment. The Company's vision is to be a global leader in its chosen area of operation – revenue maximization for communications service providers.

2. Summary Of Significant Accounting Policies

a) Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred.

b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently

uncertain and unpredictable. As a result, actual results could differ from those estimates.
Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

c) Cash and Cash Equivalents

The Company considers all checking accounts, sweep accounts and money market accounts to be cash and cash equivalents.

The Company's statements of financial position and results of operations are measured using the United States dollar as the functional currency.

d) Accounts Receivables

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for doubtful accounts.

Uncollectible accounts are provided on the allowance method based on historic experience and management's evaluation of outstanding accounts receivable at the end of each fiscal year. For the period ended March 31, 2018, the allowance for doubtful accounts amounted to $ 19,831.

e) Revenue Recognition

The Company recognizes revenue in accordance with the Accounting Standard Codification 605 "Revenue Recognition." Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

Revenues are primarily derived from professional services under time and materials contracts, which are recognized in the period in which services are provided.

Revenue related to services performed without a signed agreement or work order are not recognized until there is evidence of an arrangement, such as when agreements or work orders are signed or payment is received; however, the cost related to the performance of such work is recognized in the period the services are rendered.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability is assured.

Revenues related to fixed price contracts for professional services are recognized using a model that is similar to the proportional performance method. Anticipated losses are recognized when they become known. Revisions in estimated profits are made in the month in which the circumstances requiring the revision become known.

Unbilled accounts receivable represents amounts recognized as revenue based on services performed in advance of customer billings. The Company had unbilled accounts receivable of $218,907 as of March 31, 2018.

Revenue on long-term software contracts is recognized based on percentage progress achieved in providing the solution. Maintenance and service income is recognized on accrual basis.

Estimates of total project costs are continuously monitored during the term of an engagement. There are situations where the number of hours to complete projects may exceed our original estimate, as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. Accordingly, recorded revenues and costs are subject to revision throughout the life of a project based on current information and historical trends.

If our initial estimates of the resources required or the scope of work to be performed on a contract are inaccurate, or we do not manage the project properly within the planned time period, a provision for estimated losses on incomplete projects may be made. Any known or probable losses on projects are charged to operations in the period in which such losses are determined. A formal project review takes place quarterly, although projects are continuously evaluated throughout the period. Management reviews the estimated total direct costs on each contract to determine if the estimated amounts are accurate, and estimates are adjusted as needed in the period identified.

f) Credit and Business Concentration

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables is minimal due to the Company's customer base which consist of large telecom companies and ongoing procedures, which monitor the credit worthiness of its customers. For the year ended March 31, 2018 sales to three major customers accounted for approximately 60% of revenue net of inter-company. As of March 31, 2018, accounts receivable due from same three major customers were approximately 28% of net accounts receivables.

g) Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 4 to 5 years. The Company charges repairs and maintenance costs that do not extend the lives of the assets, to expenses as incurred.

Property and equipment as on March 31, 2018 consists of the following:

Computer hardware	$	919,375
Computer software		259,554
Office equipment		16,508
Furniture and fixtures		11,760
Total assets		**1,207,197**
Less: Accumulated depreciation		(1,091,656)
Net assets	**$**	**115,541**

Depreciation expenses during the year ended March 31, 2018 was $ 145,639.

h) Fair value of financial instruments

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

3. New Accounting Pronouncements

1. On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. It is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years. Earlier adoption is permitted.

2. In January 2017, the FASB issued Accounting Standards Update No. 2017-01, clarifying the Definition of a Business, which clarifies and provides a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this update should be applied prospectively on or after the effective date. This update is effective for annual periods beginning after December 15, 2017, and interim periods within those periods. Early adoption is permitted for acquisition or deconsolidation transactions occurring before the issuance date or effective date and only when the transactions have not been reported in issued or made available for issuance financial statements. The Company does not

expect the adoption to have any significant impact on its Financial Statements.

3. In January 2017, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill Impairment. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017.

4. Income Taxes

The Company accounts for income taxes under the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized based upon differences arising from the carrying amounts of the Company's assets and liabilities for tax and financial reporting purposes using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change in tax is enacted. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, as applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For the year ended March 31, 2018 the Company has not recorded any deferred tax assets or liability due to carried forward loss. Based on available objective evidence, management believes it is more likely than not that the deferred tax assets, if recorded, will not be fully realizable. At March 31, 2018, the Company had approximately $ 4,684,691 in accumulated deficit.

The Company derives income for services rendered in foreign jurisdiction. The collections are derived net of the taxes withheld in the foreign jurisdiction governed by the taxation laws of the respective country in which services are rendered. The taxes withheld are treated as an asset to be offset against the future tax liability. The Company has carried forward losses and do not expect to realize sufficient profits to offset the same. Hence the Company has created a provision to offset the taxes withheld.

The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company is generally no longer subject to U.S. Federal, State and local examinations by tax authorities for the years before 2014.

5. Employee Benefit Plan

Effective October 1, 2004, the Company sponsored an employee savings plan under Section 401(k) of the Internal Revenue Code. This plan is offered to all employees who have completed 21 years. Employees are vested 100% in the Company's matching from the first year of service. The Company's matching contribution was $ 67,542 for the year ended March 31, 2018.

6. Legal Matters

The Company is or has been involved in legal proceedings that arise from the normal course of business. The Company cannot predict the timing or outcome of these claims and other proceedings. The management, in all instances, intends to vigorously defend all false claims and false allegations brought against it in the normal course of business. Currently, the Company is not involved in any action, arbitration and / or other legal proceedings that it expects to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Company. All legal cost is expensed as incurred.

7. Related Party Transactions

Due to affiliates

During the year ended March 31, 2018, the Company owed to its parent company and related companies a total of $ 7,817,634 which consisted of the following:

Services Received	$ 3,817,634
Loans Payable	4,000,000
Total	$ 7,817,634

Due from affiliates

During the year ended March 31, 2018, the Company had receivable balance of $1,861,540 due from its parent and related companies on account of marketing and allied services provided.

Services procured from and expenses reimbursed to related companies

During the year ended March 31, 2018, the Company provided services of $8,443,455 to its parent company and related companies.

During the same period the Company purchased services of $5,997,971 from its parent company and related companies.

Standby Letter of Credit

The Company has entered into an agreement on November 17, 2017 with Silicon Valley Bank to issue a standby letter of credit to Westpac Banking Corporation to induce them to issue a bank guarantee. The bank guarantee was issued to facilitate Subex Asia Pacific, an affiliate entity to provide a performance bond to its client. The Company is required to maintain a Margin account the balance of which was $220,947 as of March 31, 2018. In case of non-performance by Subex Asia Pacific, the Company would not be held liable for nonperformance and will be reimbursed or will have recourse for the guaranteed amount.

8. Commitments and Contingencies

Lease Commitments

The Company has entered into a lease agreement for office facility expiring through May 06, 2020. The future minimum rental payments under the lease agreement are as follows:

For year ending March 31,		
2019		101,174
2020		104,052
2021		8,871
TOTAL	**$**	**214,097**

For the year ended March 31, 2017 rent expense was $ 98,246.

9. Subsequent Events

For the year ended March 31, 2018, the Company has evaluated subsequent events for potential recognition and disclosure through May 3, 2018, the date the financial statements were available for issuance. No reportable subsequent events have occurred through May 3, 2018 which would have a significant effect on the financial statements as of March 31, 2018, except as otherwise disclosed.