

8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE
SHARJAH - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

عبد الله القايدى

اس. بي. ايه لتكثيق الحسابات

Abdallah Al Qaydi



SPA Auditing

Chartered Accountants



اس.بي.ايه لتدقيق الحسابات

Abdallah Al Qaydi

SPA Auditing
Chartered Accountants



Ref: SPA/18-19/0021

Date: 21Jun 2018

Independent Auditors' Report

To

The Manager,
8K Miles Software Services (FZE)
Sharjah International Airport Free Zone,
Executive Desk, Q1-05-109/C,
P.O. Box: 513211,
Sharjah - United Arab Emirates

We have audited the accompanying financial statements of **8K Miles Software Services (FZE)**, which comprise the balance sheet as at **31 March 2018** and the statement of income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

Independent Auditors' Report (continued)


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An *audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*

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

Opinion

In our opinion, the financial statements referred to above, in our opinion, the financial statements present fairly, in all material respects, the financial position of **8K Miles Software Services (FZE), SAIF Zone, Sharjah – United Arab Emirates** as of **31 March 2018**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Also, in our opinion, there were no contraventions during the year of the pursuant to Emiri Decree No. 2 of 1995 as applicable for business entities in SAIF Zone, Sharjah, which might have materially affected the financial position of the Establishment or the result of its operations for the year.


CA P Sriganesh
(Reg No.601)
Managing Partner

ABDALLAH AL QAYDI SPA-AUDITING
CHARTERED ACCOUNTANTS
DUBAI – UNITED ARAB EMIRATES



Statement of Comprehensive Income
For the year ended 31st March 2018

	<u>Notes</u>	<u>31-Mar-18</u>	<u>31-Mar-17</u>
		<u>AED</u>	<u>AED</u>
Revenue	12	76,600,058	36,998,935
Direct Expenses	13	(32,067,659)	(18,530,547)
Gross Profit		44,532,399	18,468,388
Administrative expenses	14	(12,671,429)	(3,697,233)
Amortization expenses	15	(1,869,188)	(744,187)
Net Profit for the year		29,991,782	14,026,968

The accompanying notes form an integral part of these Financial statements.

The Report of the Auditors is set out on pages 1 and 2.

The financial statements on pages 3 to 15 were approved and signed on 21 June 2018.



Manager
8K Miles Software Services (FZE)

8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE, SHARJAH – UAE

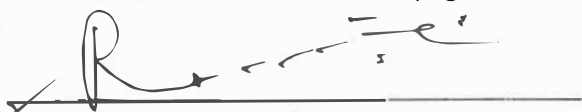
Statement of Financial Position
As on 31st March 2018

	Note	31-Mar-18	31-Mar-17
<u>Assets</u>		<u>AED</u>	<u>AED</u>
Current assets			
Cash on hand and at bank	6	520,484	456,442
Trade receivables	7	26,710,992	9,875,626
Other receivables and prepayments	8	18,292,913	5,675,435
Total Current assets		45,524,389	16,007,503
Non-Current Assets			
Capital Work – in - Progress		3,998,718	1,942,125
Intangible Assets	15	8,359,501	10,228,689
Total Assets		57,882,608	28,178,317
Liabilities and Proprietor's Equity			
Trade Payables	9	172,189	250,120
Accrued expenses & Other payables	10	515,890	725,450
		688,079	975,570
Total Liabilities		688,079	975,570
Equity			
Capital		150,000	150,000
Retained Earnings	11	57,044,529	27,052,747
Total Equity		57,194,529	27,202,747
Total Liabilities and Proprietor's Equity		57,882,608	28,178,317

The accompanying notes form an integral part of these Financial statements

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Manager
8K Miles Software Services (FZE)

Statement of Changes in Shareholder's Equity
For the year ended 31st March 2018

	Share Capital	Retained Earnings	Total
	AED	AED	AED
As at 1 April 2016	150,000	13,025,779	13,175,779
<u>Changes in Shareholders' Equity:</u>			
Net Profit for the year	-	14,026,968	14,026,968
As at 31 March 2017	<u>150,000</u>	<u>27,052,747</u>	<u>27,202,747</u>
<u>Changes in Shareholders' Equity:</u>			
Net Profit for the year	-	29,991,782	29,991,782
As at 31 March 2018	<u>150,000</u>	<u>57,044,529</u>	<u>57,194,529</u>

The accompanying notes form an integral part of these Financial statements
The Report of the Auditors is set out on pages 1 and 2.

Statement of Cash flows
For the year ended 31st March 2018

	31-Mar-18	31-Mar-17
	AED	AED
Cash flows from operating activities:		
Net Profit for the year	29,991,782	14,026,968
Amortization	1,869,188	744,187
Operating profit before changes in Operating assets and liabilities	31,860,970	14,771,155
Increase/(Decrease) in trade payables	(77,931)	(816,525)
Increase/(Decrease) in Other payables &Accrued expenses	(209,560)	207,164
(Increase)/decrease in Trade Receivables	(16,835,366)	(5,837,478)
(Increase)/decrease in Other Receivables & Prepayments	(12,617,478)	(2,288,685)
Cash from operating activities	2,120,635	6,035,631
Cash flows in investing activities:		
Capital Work In Progress	(2,056,593)	1,531,353
Increase in Intangible assets	-	(7,500,000)
Net cash (used in) from investing activities	(2,056,593)	(5,968,647)
Net increase in cash and cash equivalents	64,042	66,984
Cash and cash equivalents, beginning of the year	456,442	389,458
Cash and cash equivalents, end of the year	520,484	456,442
Represented by:		
Cash at Bank	520,484	456,442
	520,484	456,442

NOTE 6

The accompanying notes form an integral part of these Financial statements
The Report of the Auditors is set out on pages 1 and 2.

Notes to the Financial Statements

For the year ended 31st March 2018.

1 Legal status and business activity:

- 1.1 **8K Miles Software Services (FZE)**, Sharjah – United Arab Emirates (“the Establishment”) was incorporated on March 14, 2011 and operates as a Free Zone Establishment with Limited Liability in the United Arab Emirates, under a service license issued by the Sharjah Airport International Free Zone, Sharjah.
- 1.2 The main activities of the Establishment are providing IT Services & Solutions.
- 1.3 The registered office of the Establishment is located at Executive Desk Q1-05-109/C, P O Box 513211, SAIF Zone, Sharjah, UAE.
- 1.4 The management and control of the establishment is vested with Mr. Ramani Rama Subramani.
- 1.5 These financial statements incorporate the operating results of Service license No.09147.

2 Capital:

The authorized, issued and paid up share capital of the Establishment is AED 150,000 divided into 1 share(s) of AED 150,000 each. The share(s) are entirely held by M/s.8K Miles Software Services Ltd, India.

3 Summary of significant accounting policies

3.1 Statement of Compliance

The financial statements of the Establishment have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of Preparation

3.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised standards including amendments thereto and interpretations which became effective for the current reporting year have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Notes to the Financial Statements

For the year ended 31st March 2018.

IAS 27: Consolidated and Separate Financial Statements

IAS 32: Financial Instruments: Presentation - Classification of Rights Issues

IAS 39: Financial Instruments

IFRS 1: First Time Adoption of IFRS

IFRS 2: Share Based Payment - Group Cash settled Share Based Payment Transactions

IFRS 3: Business Combinations

IFRS 5: Non Current Assets held for Sale and Discontinued Operations

IFRIC 17: Distribution of Non-cash Assets to Owners

IFRIC 18: Transfer Assets from customers

The Establishment has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs beginning on or after</u>	Effective for annual years
Amendments to IFRS 1 relating to <i>Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters</i>	1 July 2010
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> , relating to Disclosures on Transfers of financial Assets	1 July 2012
Amendments to IFRIC 14 relating to Prepayments of a Minimum Funding Requirements	1 January 2012
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Improvements to IFRSs issued in 2010 covering except IFRS 3	1 January 2012,
Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IAS 27 which are effective	
And IFRIC 13	1 July 2010
IAS 12 <i>Income Taxes</i>	
Amendments to IFRS 1: Removal of Fixed Dates for First-Time Adopters	1 July 2012
Amendments to IFRS 1: Severe Hyperinflation	1 July 2012

Management anticipates that these amendments will be adopted in the establishment's financial statements for the initial year when they become effective. It is anticipated that their adoption in the relevant accounting years will have impact only on disclosures within the financial statements.

**Notes to the Financial Statements
For the year ended 31st March 2018.**

3.4 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets and financial liabilities are recognized on the Establishment's statement of financial position when the establishment has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

3.6 Trade and other receivables

Trade and other receivables are measured initially at the transaction cost. They are subsequently stated at net of provisions for impairment, which is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

3.7 Trade payables

Trade payables are recognized initially at the transaction price for the goods and services received, whether billed by the customers or not.

3.8 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation and amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements

For the year ended 31st March 2018.

3.9 Provisions

A provision is recognized if, as a result of a past event, the establishment has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of future economic benefits will be required to settle the obligation.

3.10 Revenue recognition

Income is recognised when: the amount of revenue can be reliably measured; it is possible that future economic benefits will flow to the entity; and specific criteria have been met

3.11 Intangible Assets

IAS 38 requires an entity to recognise an intangible asset, whether purchased or self-created (at cost) if, and only if: [IAS 38.21]

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

This requirement applies whether an intangible asset is acquired externally or generated internally. IAS 38 includes additional recognition criteria for internally generated intangible assets.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. [IAS 38.22] The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination. [IAS 38.33]

Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging upto 6 years. Refer to Note15.

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Notes to the Financial Statements

For the year ended 31st March 2018.

5 Financial risk management

5.1. Financial risk management objectives

The Establishment's management observes domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Establishment through analyzing risks exposure by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk, and liquidity risk.

The establishment seeks to minimize the effects of risks related to financial instruments. The establishment policies in this regards are set and approved by the management on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

5.2. Market risk

The establishment activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Establishment is not exposed to any significant interest rate risks.

5.3. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the establishment. The establishment obtains information about counterparty's credit worthiness from publicly available information and its own trading records.

Credit risk is primarily related to the trade and other receivable balance which were presented in the balance sheet net of provision from doubtful debt that was estimated by management based on prior experience and prevailing economic condition.

5.4 Foreign Currency Management

The establishment undertakes certain transactions denominated in foreign currencies. Hence exposures to the exchange rate fluctuations arise.

Currently the establishment is mainly exposed to the currency exchange risk related to the transactions denominated in the multi currencies. There is no currency exchange risk related to transactions denominated in the US dollars or currencies linked with it as the AED rate is fixed to the US dollar. The management undertakes suitable procedure to minimize risk associated with transactions denominated in currencies other than AED and USD.

**8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE, SHARJAH – UAE**

**Notes to the Financial Statements
For the year ended 31st March 2018.**

6	Cash on hand and at bank	31-Mar-18	31-Mar-17
		AED	AED
	Cash in hand	181,742	109,150
	Bank balances	338,742	347,292
		520,484	456,442
7	Trade receivables	31-Mar-18	31-Mar-17
		AED	AED
	Accounts Receivables	26,710,992	9,875,626
		26,710,992	9,875,626
8	Other receivables and prepayments	31-Mar-18	31-Mar-17
		AED	AED
	Other receivables &Prepayments	13,248,547	1,013,221
	Un-billed amounts spent	5,044,366	4,662,214
		18,292,913	5,675,435
9	Trade payables	31-Mar-18	31-Mar-17
		AED	AED
	Trade payables	172,189	250,120
		172,189	250,120
10	Provisions and accrued expenses	31-Mar-18	31-Mar-17
		AED	AED
	Other payables &Accrued expenses	515,890	725,450
		515,890	725,450

8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE, SHARJAH – UAE

For the year ended 31st March 2018.

11 Retained Earning	31-Mar-18	31-Mar-17
	AED	AED
Opening Balance	27,052,747	13,025,779
Net Profit for the year	29,991,782	14,026,968
Closing Balance	57,044,529	27,052,747
12 Revenue	31-Mar-18	31-Mar-17
	AED	AED
Revenue	76,600,058	36,998,935
	76,600,058	36,998,935
13 Direct Cost	31-Mar-18	31-Mar-17
	AED	AED
	32,067,659	18,530,547
	32,067,659	18,530,547
14 Administrative expenses	31-Mar-18	31-Mar-17
	AED	AED
Rent, Rates & Utilities	338,953	102,500
Sales and Marketing Costs	3,555,893	778,350
Research and Development Costs	2,602,636	981,091
Cloud Hosting and Communication	2,454,767	725,105
Travelling and Logistics	2,594,435	615,240
Professional and Consultancy	425,530	390,450
Other Administration Expenses	699,215	104,497
	12,671,429	3,697,233

Notes to the Financial Statements
For the year ended 31st March 2018

15 Intangible Assets

<u>Cost</u>	<u>Intangible Assets</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>
As at 1 April 2017	12,461,250	12,461,250
Additions during the year	-	-
As at 31 March 2018	12,461,250	12,461,250
 <u>Accumulated Amortization</u>		
As at 1 April 2017	2,232,561	2,232,561
Amortization for the year	1,869,188	1,869,188
As at 31 March 2018	4,101,749	4,101,749
 <u>Net book value</u>		
As at 31 March 2018	8,359,501	8,359,501
 As at 31 March 2017	 10,228,689	 10,228,689

16 Contingent Liabilities and Capital Commitments

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Establishment's account as of balance sheet date.

17 Comparative Figures

Previous year figure has been reflected in the financials for comparison purpose and the same has been regrouped wherever necessary.