

**SQS BFSI FZE  
HAMRIYAH FREE ZONE AUTHORITY  
SHARJAH, U.A.E.**

**FINANCIAL STATEMENTS  
31 MARCH 2018**

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2018**

<b>CONTENTS</b>	<b>PAGE</b>
DIRECTOR'S REPORT	1
INDEPENDENT AUDITORS' REPORT	2 & 2A
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 11

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**DIRECTOR'S REPORT**  
**31 MARCH 2018**

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2018.

**Principal Activity**

The principal activity of the SQS BFSI FZE is IT Consultancy.

**Business Operations Review**

The SQS BFSI FZE has made a profit of AED 135,648/- for the year.

**Events since the end of the year**

There are no significant events since the end of the financial year and the date of this report, which is likely to affect, substantially the result of the operations or the financial position of the FZE.

**Shareholder and his interests**

The shareholder as at 31 March 2018 and his interests in the share capital of the FZE as at that date were as follows:

<b>Name</b>	<b>Number of share</b>	<b>AED</b>
M/s SQS India BFSI Limited	600	600,000
	<b>600</b>	<b>600,000</b>

**Auditors**

The auditors, M/s Nadeem and Umendra Chartered Accountants are appointed to carry out independent audit for the year.

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**Authorized Signatory**

30 April 2018

## Independent auditor's report

**To,  
Shareholders  
SQS BFSI FZE  
Hamriyah Free Zone Authority, Sharjah, U.A.E**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of **SQS BFSI FZE**, Hamriyah Free Zone Authority, Sharjah - United Arab Emirates, which comprise the statement of financial position as at **March 31, 2018**, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for theyear then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at **March 31, 2018**, and its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, 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 unqualified opinion.

#### **Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

As required by the U.A.E. Federal Commercial Companies Law No. 2 of 2015, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015, and the Memorandum and Articles of Association of the company.
- 3 Proper books of accounts have been maintained by the company.
- 4 The contents of the Managers' report which relates to the financial statements are in agreement with the company's books of account.
- 5 The company has not made any investments in shares and stocks during the period ended **March 31, 2018**.
- 6 Note 6 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.
- 7 Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened, during the financial period ended, any of the applicable provisions of the U.A.E Federal Commercial Companies Law No. 2 of 2015, or the Memorandum and Articles of Association of the company, which would materially affect its activities or its financial position as of **March 31, 2018**.

**Nadeem Hussain Khan**  
**Audit Partner**  
**Regn. No: 756**  
**Nadeem and Umendra Chartered Accountants**  
**Dubai - United Arab Emirates**

**April 30, 2018**

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 AED	2017 AED
<b>NON-CURRENT ASSETS</b>			
Fixed assets	4	<u>5,865</u>	<u>4,407</u>
		<u>5,865</u>	<u>4,407</u>
<b>CURRENT ASSETS</b>			
Other current assets	5	331,337	524,796
Due from related parties	6	3,502,132	3,075,897
Cash and cash equivalents	7	<u>310,359</u>	<u>357,184</u>
		<u>4,143,828</u>	<u>3,957,877</u>
<b>TOTAL ASSETS</b>		<u><u>4,149,693</u></u>	<u><u>3,962,284</u></u>
<b>CURRENT LIABILITIES</b>			
Due to related parties	6	299,629	254,837
Accounts payables	8	-	-
Other payables and provisions	9	<u>746,917</u>	<u>739,948</u>
		<u>1,046,546</u>	<u>994,785</u>
<b>EQUITY FUNDS</b>			
Share capital		600,000	600,000
Retained earnings		<u>2,503,147</u>	<u>2,367,499</u>
		<u>3,103,147</u>	<u>2,967,499</u>
<b>CURRENT LIABILITIES AND EQUITY FUNDS</b>		<u><u>4,149,693</u></u>	<u><u>3,962,284</u></u>

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2 & 2A.

These financial statements have been approved and signed by the undersigned on 30 April 2018.

**For SQS BFSI FZE**

\_\_\_\_\_  
**Authorized Signatory**

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 AED	2017 AED
<b>REVENUE</b>	10	<b>7,421,586</b>	10,474,237
Cost of sales	11	<u>(5,418,668)</u>	<u>(8,255,450)</u>
<b>GROSS PROFIT</b>		<b>2,002,918</b>	2,218,787
Administrative expenses	12	<u>(1,859,161)</u>	<u>(1,921,986)</u>
<b>OPERATING PROFIT</b>		<b>143,757</b>	296,801
Depreciation	4	(4,495)	(4,215)
Financial charges	13	(3,614)	(4,751)
(Loss) on sale of fixed assets		-	(763)
<b>NET PROFIT FOR THE YEAR</b>		<u><b>135,648</b></u>	<u>287,072</u>

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**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Share capital AED</b>	<b>Retained earnings AED</b>	<b>Total AED</b>
As at 1 April 2016	600,000	2,080,427	2,680,427
Profit for the year	-	287,072	287,072
<b>As at 31 March 2017</b>	<b>600,000</b>	<b>2,367,499</b>	<b>2,967,499</b>
Profit for the year	-	135,648	135,648
<b>As at 31 March 2018</b>	<b>600,000</b>	<b>2,503,147</b>	<b>3,103,147</b>

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**Authorized Signatory**



**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 AED	2017 AED
<b>Cash flows from operating activities</b>			
Profit for the year		135,648	287,072
<b>Adjustment:</b>			
Add: Depreciation		4,495	4,215
Loss on sale of fixed assets		-	763
<b>Operating profit before changes in operating assets and liabilities</b>		<b>140,143</b>	<b>292,050</b>
(Increase) / Decrease in other current assets		193,459	24,330
(Increase) / Decrease in due from related parties		(426,235)	(498,136)
Increase / (Decrease) in accounts payables		-	(450)
Increase / (Decrease) in due to related parties		44,792	89,441
Increase / (Decrease) in accrued and other payables		6,969	(89,834)
		<u>(181,015)</u>	<u>(474,649)</u>
<b>Net cash from / (used in) operating activities (A)</b>		<b><u>(40,872)</u></b>	<b><u>(182,599)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(5,953)	-
<b>Net cash used in financing activities (B)</b>		<b><u>(5,953)</u></b>	<b><u>-</u></b>
<b>Net decrease in cash and cash equivalents (A+B)</b>		<b>(46,825)</b>	<b>(182,599)</b>
Cash and cash equivalents at beginning of the year		357,184	539,783
<b>Cash and cash equivalents at end of the year</b>	8	<b><u>310,359</u></b>	<b><u>357,184</u></b>

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

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**For SQS BFSI FZE**

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**Authorized Signatory**

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1 LEGAL STATUS AND BUSINESS ACTIVITY**

- a) **SQS BFSI FZE.** was registered on 15 June 2010, in Hamriyah Free Zone, Sharjah, United Arab Emirates, as a Free Zone Establishment in accordance with the provision of Article 218 of the UAE Commercial Companies Law No. 2 of 2015. The registered address of the FZE is E-LOB - Office No. E-77G-04, P.O.Box 50989, Hamriyah Free Zone, Sharjah, UAE.
- b) The principal activity of the SQS BFSI FZE is IT Consultancy.

**2 SHAREHOLDING**

The shareholding of the SQS BFSI FZE is as follows

<b>Name</b>	<b>Number of share</b>	<b>AED</b>
M/s SQS India BFSI Limited	600	600,000
	<b>600</b>	<b>600,000</b>

- 2.1 The authorized and paid up share capital of the SQS BFSI FZE is AED 600,000/- divided into 600 share of AED 1,000/- each.

**3 SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of preparation**

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 2 of 2015.

b) **Presentation currency**

These financial statements have been expressed in UAE Dirham, which is the functional and domicile currency of the SQS BFSI FZE. The figures have been rounded off the nearest 1/- UAE Dirham.

c) **Summary of Significant accounting Policies**

The significant accounting policies adopted and which have been consistently applied are as follows:

i) **Revenue recognition**

The company generates revenue from professional services rendered. Revenue is recognized for the services performed while the corresponding cost of providing those services are reflected as cost of sales. Revenue represents services billed to parent company based on transfer pricing study.

ii) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirham at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the statement of financial position date.

**SQS BFSI FZE**  
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**SHARJAH, U.A.E.**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Gains or losses resulting from foreign currency transactions are taken to the statement of comprehensive income.

**iii) Provisions**

Provisions are recognized when the SQS BFSI FZE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a realizable estimate of the amount of the obligation can be made.

**iv) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method from the date of acquisition to the estimated useful life.

An assessment of residual values is undertaken at each statement of financial position date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

	<b>% age</b>
Furniture and equipments	33.33
Motor vehicles	33.33

**v) Cash and cash equivalents**

Cash and cash equivalents comprise cash and balance in bank current accounts.

	<b>Office Equipments AED</b>	<b>Computer Equipment AED</b>	<b>Total AED</b>
<b>4 FIXED ASSETS</b>			
<b>Cost</b>			
As at 1 April 2017	-	10,994	10,994
Additions	3,635	2,318	5,953
<b>As at 31 March 2018</b>	<b>3,635</b>	<b>13,312</b>	<b>16,947</b>
<b>Accumulated depreciation</b>			
As at 1 April 2017	-	6,587	6,587
Charge for the year	542	3,953	4,495
<b>As at 31 March 2018</b>	<b>542</b>	<b>10,540</b>	<b>11,082</b>
<b>Net Asset Value on 31 March 2018</b>	<b>3,093</b>	<b>2,772</b>	<b>5,865</b>

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018 AED	2017 AED
<b>5 OTHER CURRENT ASSETS</b>		
Other receivables	-	149,371
VaAT on purchase	94	-
Prepayments	23,272	19,349
Advances to staff / creditor	7,329	55,434
Deposits	300,642	300,642
	<u>331,337</u>	<u>524,796</u>
<b>6 RELATED PARTY TRANSACTIONS</b>		
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.		
For the year ended 31 March 2018, following are the details of related party transactions:		
<b>DUE FROM RELATED PARTIES</b>		
SQS India BFSI Limited	<u>3,502,132</u>	<u>3,075,897</u>
	<u>3,502,132</u>	<u>3,075,897</u>
<b>DUE TO RELATED PARTIES</b>		
SQS India BFSI Limited MEPZ unit	<u>299,629</u>	<u>254,837</u>
	<u>299,629</u>	<u>254,837</u>
<b>7 CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u>310,359</u>	<u>357,184</u>
	<u>310,359</u>	<u>357,184</u>
<b>8 ACCOUNTS PAYABLES</b>		
Accounts payables	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>9 PROVISIONS AND OTHER PAYABLES</b>		
Provisions	732,879	728,574
Employees expenses payable	13,116	10,452
Other payables	922	922
	<u>746,917</u>	<u>739,948</u>
<b>10 REVENUE</b>		
Revenue (Note 10.1)	<u>7,421,586</u>	<u>10,474,237</u>
	<u>7,421,586</u>	<u>10,474,237</u>
<b>10.1</b> Revenue represents invoices raised for services rendered on behalf of Parent Company SQS India BFSI Limited and SQS India BFSI Limited MEPZ unit).		

**SQS BFSI FZE**  
**HAMRIYAH FREE ZONE AUTHORITY**  
**SHARJAH, U.A.E.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	AED	AED
<b>11 COST OF SALES</b>		
Direct expenses	5,418,668	8,255,450
	<u>5,418,668</u>	<u>8,255,450</u>
<b>12 ADMINISTRATIVE EXPENSES</b>		
Salaries and benefits	1,352,049	1,420,860
Professional fees	22,802	2,292
Printing and stationery	15	3,420
Communication & utilities	1,450	1,430
Business promotion expenses	266,452	254,050
Travelling expenses	76,961	67,748
Rates and taxes	39,080	25,000
Insurance	50,589	-
Exchange (Loss)	43,347	59,731
Other administrative expenses	6,416	87,455
	<u>1,859,161</u>	<u>1,921,986</u>
<b>13 FINANCIAL CHARGES</b>		
Bank charges	3,614	4,751
	<u>3,614</u>	<u>4,751</u>
<b>14 FINANCIAL INSTRUMENTS</b>		

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency and liquidity and cash flow interest rate risks.

**Credit risk**

Financial assets that potentially expose the SQS BFSI FZE to concentrations of credit risk comprise principally bank balances and trade and other receivables.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The SQS BFSI FZE bank accounts are placed with high credit quality financial institutions.

**Currency risk**

There are no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED or US Dollars against which the UAE Dirham rate is fixed.

**SQS BFSI FZE**  
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**SHARJAH, U.A.E.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**15 FAIR VALUE**

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortized cost approximates to their carrying values.

**16 COMPARATIVE FIGURE**

Previous year figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements.

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

The independent auditors' report is set forth on page 2 & 2A.

These financial statements have been approved and signed by the undersigned on 30 April 2018.

**For SQS BFSI FZE**

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**Authorized Signatory**