

**F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2018**

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F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

Report of the Directors
For the year ended March 31, 2018

The Directors have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2018.

PRINCIPAL ACTIVITIES

The main activity of the company is trading in computer software, Data Processing & equipment requisites.

BUSINESS OPERATIONS REVIEW AND FUTURE BUSINESS DEVELOPMENTS

The company's turnover was NIL for the year ended March 31, 2018. The Company has incurred a net loss of USD (9,403,631) (P.Y USD (9,403,626)) during the year. The Directors are optimistic about the prospects for the ensuing year and expect to improve the performance of the company.

RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

The Company is committed to the management of risk to achieve sustainability, employment and surpluses. The risk management framework identifies, assesses, manages and reports risk on a consistent and reliable basis. The primary risks are those of credit, market (liquidity, interest rate, foreign exchange) and operational risk.

The management recognizes their responsibility for system of internal control and for reviewing its effectiveness. In view of the above, company continuously monitors risks through means of administrative and information systems.





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

Report of the Directors (continued)
For the year ended March 31, 2018

CREDITORS PAYMENT POLICY

The Company maintains a policy of paying suppliers in accordance with terms and conditions agreed with them.

AUDITORS

The Auditors, M/s FALCON INTERNATIONAL CONSULTING & AUDITING, Chartered Accountants, United Arab Emirates are willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting (AGM).

DIRECTORS RESPONSIBILITIES

The Company law requires the directors to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the company and net profit for that period and to enable them to ensure that the financial statements comply with the relevant governing laws.

ACKNOWLEDGMENTS

The Directors wish to place on record the sincere gratitude for the continuous support extended by various government departments, bankers, customers, suppliers, employees and all well wishers.

On behalf of the Board of Directors

Managing Director
May 24, 2018





INDEPENDENT AUDITOR'S REPORT

To
The Shareholders
M/s. F.C.S Software Middle East FZE
P.O.Box. 16111
Ras Al Khaimah – U.A.E

We have audited the accompanying financial statements of M/s. F.C.S Software Middle East FZE, Ras Al Khaimah, U.A.E., which comprise of the statement of financial position as at **March 31, 2018** and the statement of comprehensive 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 are setout on pages 8 to 12.

Management's 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.

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 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.

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 the 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 present fairly, in all material respects, the financial position of M/s. F.C.S Software Middle East FZE, Ras Al Khaimah-U.A.E., as of **March 31, 2018** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our audit opinion we point out that the license of the Company has expired on October 27, 2017.

For FALCON INTERNATIONAL CONSULTING & AUDITING
Chartered Accountants


Managing Partner
(Rakesh Jain)
Reg. No: 606



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May 24, 2018



F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2018

	Notes	31-03-2018 USD	31-03-2017 USD
NON-CURRENT ASSETS			
Intangible assets	4	22,169,727	29,855,195
		<u>22,169,727</u>	<u>29,855,195</u>
CURRENT ASSETS			
Other receivables & prepayments	5	3,436,327	5,154,491
		<u>3,436,327</u>	<u>5,154,491</u>
TOTAL ASSETS		<u>25,606,055</u>	<u>35,009,686</u>
CURRENT LIABILITIES			
Other payables	6	16,711	16,711
		<u>16,711</u>	<u>16,711</u>
NON-CURRENT LIABILITIES			
		-	-
TOTAL LIABILITIES		<u>16,711</u>	<u>16,711</u>
SHAREHOLDERS' FUNDS			
Share capital		73,732,970	73,732,970
Statutory reserve	7	786,936	786,936
Retained earnings	8	(48,970,270)	(39,566,640)
Equity fund		25,549,636	34,953,266
Shareholder's current account	9	39,708	39,708
		<u>25,589,344</u>	<u>34,992,974</u>
TOTAL EQUITY AND LIABILITIES		<u>25,606,055</u>	<u>35,009,686</u>

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

The report of the auditor is set out on page 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved by the directors on May 24, 2018

For FCS Software Middle East FZE


Managing Director





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2018

	Notes	31-03-2018 USD	31-03-2017 USD
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Expenses			
General & administrative expenses	10	1,718,163	1,718,158
Amortisation of intangible assets		<u>7,685,468</u>	<u>7,685,468</u>
Total expenses		<u>9,403,631</u>	<u>9,403,626</u>
Net Profit / (Loss) for the year		<u>(9,403,631)</u>	<u>(9,403,626)</u>

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

The report of the auditor is set out on page 3.

Approved by the directors on May 24, 2018

For FCS Software Middle East FZE


Managing Director





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

	Share Capital	Statutory Reserve	Retained Earnings/ (Accumulated Loss)	Current Accounts	Total USD
Balance as on 01-04-2016	73,732,970	786,936	(30,163,014)	39,708	44,396,600
Net Profit / (Loss) for the year	-	-	(9,403,626)	-	(9,403,626)
Balance as on 31-03-2017	73,732,970	786,936	(39,566,640)	39,708	34,992,974
Net Profit / (Loss) for the year	-	-	(9,403,631)	-	(9,403,631)
Balance as on 31-03-2018	73,732,970	786,936	(48,970,270)	39,708	25,589,344

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

The report of the auditor is set out on page 3..





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

	31-03-2018	31-03-2017
	USD	USD
Cash flows from operating activities		
Net Profit / (Loss) for the year	(9,403,631)	(9,403,626)
Amortisation of intangible assets	7,685,468	7,685,468
Funds generated from operations	<u>(1,718,163)</u>	<u>(1,718,158)</u>
Changes in working capital		
(Increase)/decrease in other receivables & prepayments	1,718,163	1,718,158
Net cash inflow / (outflow) working capital activities	<u>1,718,163</u>	<u>1,718,158</u>
Net cash inflow / (outflow) from operating activities	-	-
Cash flows from investing activities	-	-
Cash flow from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	-	-
Cash & bank balances at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

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

The report of the auditor is set out on page 3.





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

Notes to the Financial Statements for the year ended March 31, 2018

1. LEGAL STATUS & BUSINESS ACTIVITIES

- a) **F.C.S Software Middle East FZE**, (“the Establishment”) was registered with Free Trade Zone, Ras Al Khaimah, U.A.E. (Commercial License No. 5004413) as a Free Zone Establishment on October 28, 2009 and the license is valid upto October 27, 2017.
- b) The main activity of the Establishment is trading in computer software, Data Processing & equipment requisites.
- c) The management and control of the Establishment is vested with the Managing Director Mr. Dalip Kumar (Indian national).
- d) The registered office address of the Establishment is P.O. Box. 16111, Ras Al Khaimah, U.A.E.

2. SHARE CAPITAL

Authorised, issued and paid up capital of the Establishment is USD 73,732,970 divided into 2,706 Shares of USD 27,248 each fully paid and held by the shareholders as follows:

Sl No.	Name of the Shareholder	Nationality	No. of Shares	Value USD	Shareholding %
1.	FCS Software Solutions Ltd	Indian Co.	2,706	73,732,970	100
			<u>2,706</u>	<u>73,732,970</u>	<u>100</u>

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The significant accounting policies adopted, and those have been consistently applied, are as follows:

3.1 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. The amount incurred towards development of software is amortised using the straight line method over 10 years.

3.2 Staff end-of-service benefits

No provision for gratuity has been made and same shall be accounted on cash basis.

3.3 Revenue recognition

The Establishment has not earned any revenue during the year.





3.4 Foreign Currency transactions

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

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date.

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

3.5 Financial Instruments

Financial assets and financial liabilities are recognized when, and only when, the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise cash and bank balances and loans and advances and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the income statement.

Current and non-current financial liabilities, which comprise current and non-current bank borrowings, trade and other payables and shareholders' current accounts, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

3.6 Significant judgments and key assumptions

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each balance sheet date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the income statement or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.





Key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Doubtful Debt Provisions

Management regularly undertakes a review of the amounts of trade receivables, loans and advances owed to the Establishment from third parties (note no.5) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of Provisions required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.





F.C.S SOFTWARE MIDDLE EAST FZE
RAS AL KHAIMAH, U.A.E.

Notes related to the financial statements (continued) for the year ended March 31, 2018

	31-03-2018 USD	31-03-2017 USD
4 INTANGIBLE ASSETS		
Cost		
Opening balance	76,854,676	76,854,676
Balance at the end of the year	76,854,676	76,854,676
Amortisation		
Opening balance	46,999,481	39,314,013
For the year	7,685,468	7,685,468
Balance at the end of the year	54,684,948	46,999,481
Net book value		
At the end of the year	22,169,727	29,855,195
5 OTHER RECEIVABLES & PREPAYMENTS		
Prepayments	3,436,327	5,154,491
	3,436,327	5,154,491
6 OTHER PAYABLES		
Other payable	16,711	16,711
	16,711	16,711
7 STATUTORY RESERVE		
Opening balance	786,936	786,936
	786,936	786,936
8 RETAINED EARNINGS/(ACCUMULATED LOSS)		
Opening balance	(39,566,640)	(30,163,014)
Net Profit / (Loss) for the year	(9,403,631)	(9,403,626)
	(48,970,270)	(39,566,640)
9 SHAREHOLDERS' CURRENT ACCOUNT		
Opening balance	39,708	39,708
Balance -at the end of the year	39,708	39,708
10 GENERAL & ADMINISTRATIVE EXPENSES		
Marketing & business dev. expenses	1,718,163	1,718,158
	1,718,163	1,718,158
11 RELATED PARTY TRANSACTIONS		

The company enters into transaction with companies and entities that fall within the definition of a related party as contained in International Financial Reporting Standards(IFRS). Related parties comprise companies and entities under common ownership and/or common management and control their partners and key management personnel. The company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the balance sheet date due to related party is as under:

FCS America Ltd

16,711	16,711
16,711	16,711

FICA



12 CONTINGENT LIABILITY

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 company's account as of balance sheet date.

13 FINANCIAL INSTRUMENTS

Financial instruments of the company comprises of other receivables and other payables.

Risk Management

Credit risk

The financial assets that potentially expose the company to credit risk comprise principally of other receivables.

The company's bank accounts are placed with high credit quality financial institutions.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars to which the conversion of Dhiraams is fixed.

14 All the figures have been rounded off to the nearest USD.

15 COMPARATIVE AMOUNTS

Figures of the previous year are regrouped/ reclassified wherever necessary to confirm the current year's presentaion.

Approved by the directors on May 24, 2018

For FCS Software Middle East FZE


Managing Director

