

**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, 2019**

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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, 2019**

The Directors have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2019.

**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, 2019. The Company has incurred a net loss of USD (23,871,179) (P.Y USD (9,403,631)) 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, 2019**

**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 27, 2019**





## **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**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **M/s. F.C.S Software Middle East FZE, Ras Al Khaimah, U.A.E. (the “Establishment”)**, which comprise the statement of financial position as at **March 31, 2019** and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Establishment as at **March 31, 2019**, and of its financial performance and its cash flows for the year then 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

*continued...*





### **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 Establishment'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 Establishment'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 Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

**For FALCON INTERNATIONAL CONSULTING & AUDITING  
Chartered Accountants**

  
**Managing Partner**  
**(Rakesh Jain)**  
Reg. No: 606



**May 27, 2019**



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

**STATEMENT OF FINANCIAL POSITION AS ON MARCH 31, 2019**

	Notes	31-03-2019 USD	31-03-2018 USD
<b>NON-CURRENT ASSETS</b>			
Intangible assets	4	-	22,169,727
		-	22,169,727
<b>CURRENT ASSETS</b>			
Other receivables & prepayments	5	1,718,165	3,436,327
		1,718,165	3,436,327
<b>TOTAL ASSETS</b>		<b>1,718,165</b>	<b>25,606,055</b>
<b>CURRENT LIABILITIES</b>			
Other payables	6	-	16,711
		-	16,711
<b>NON-CURRENT LIABILITIES</b>			
		-	-
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>16,711</b>
<b>SHAREHOLDERS' FUNDS</b>			
Share capital		73,732,970	73,732,970
Statutory reserve	7	786,936	786,936
Retained earnings	8	(72,841,449)	(48,970,270)
<b>Equity fund</b>		<b>1,678,457</b>	<b>25,549,636</b>
Shareholder's current account	9	39,708	39,708
		1,718,165	25,589,344
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,718,165</b>	<b>25,606,055</b>

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

The report of the independent auditor is set out on page 3 & 4.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them.

**Approved by the directors on May 27, 2019**  
**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, 2019**

	Notes	31-03-2019 USD	31-03-2018 USD
Sales		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
<b>Expenses</b>			
General & administrative expenses	10	<b>1,718,163</b>	1,718,163
Amortisation of intangible assets		<b>22,169,727</b>	7,685,468
<b>Total expenses</b>		<b>23,887,890</b>	9,403,631
Other income	11	<b>16,711</b>	-
<b>Net Profit / (Loss) for the year</b>		<b>(23,871,179)</b>	(9,403,631)

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

The report of the independent auditor is set out on page 3 & 4.

**Approved by the directors on May 27, 2019**

**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, 2019**

	Share Capital	Statutory Reserve	Retained Earnings/ (Accumulated Loss)	Current Accounts	Total USD
<b>Balance as on 01-04-2017</b>	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)
<b>Balance as on 31-03-2018</b>	<b>73,732,970</b>	<b>786,936</b>	<b>(48,970,270)</b>	<b>39,708</b>	<b>25,589,344</b>
Net Profit / (Loss) for the year	-	-	(23,871,179)	-	(23,871,179)
<b>Balance as on 31-03-2019</b>	<b><u>73,732,970</u></b>	<b><u>786,936</u></b>	<b><u>(72,841,449)</u></b>	<b><u>39,708</u></b>	<b><u>1,718,165</u></b>

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

The report of the independent auditor is set out on page 3 & 4.







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

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

	31-03-2019	31-03-2018
	USD	USD
<b>Cash flows from operating activities</b>		
Net Profit / (Loss) for the year	(23,871,179)	(9,403,631)
Amortisation of intangible assets	<u>22,169,727</u>	<u>7,685,468</u>
Funds generated from operations	<u>(1,701,452)</u>	<u>(1,718,163)</u>
<b>Changes in working capital</b>		
(Increase) / decrease in other receivables & prepayments	1,718,162	1,718,163
Increase / (decrease) in other payables	<u>(16,711)</u>	<u>-</u>
<b>Net cash inflow / (outflow) working capital activities</b>	<u>1,701,452</u>	<u>1,718,163</u>
<b>Net cash inflow / (outflow) from operating activities</b>	-	-
<b>Net cash inflow / (outflow) from investing activities</b>		
<b>Net cash inflow / (outflow) from financing activities</b>		
Net Increase / (decrease) in cash and cash equivalents	-	-
Cash & bank balances at the beginning of the year	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>-</u>	<u>-</u>

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

The report of the independent auditor is set out on page 3 & 4.





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

**Notes to the Financial Statements for the year ended March 31, 2019**

**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, 2019.
- 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:

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

**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. During the year management has decided to amortise the full amount of USD 22,169,727.

**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, 2019**

	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>USD</b>	<b>USD</b>
<b>4 INTANGIBLE ASSETS</b>		
<b>Cost</b>		
Opening balance	<u>76,854,676</u>	<u>76,854,676</u>
Balance at the end of the year	<u>76,854,676</u>	<u>76,854,676</u>
<b>Amortisation</b>		
Opening balance	<u>54,684,948</u>	<u>46,999,481</u>
For the year	<u>22,169,727</u>	<u>7,685,468</u>
Balance at the end of the year	<u>76,854,676</u>	<u>54,684,948</u>
<b>Net book value</b>		
At the end of the year	<u>-</u>	<u>22,169,727</u>
<b>5 OTHER RECEIVABLES &amp; PREPAYMENTS</b>		
Prepayments	<u>1,718,165</u>	<u>3,436,327</u>
	<u>1,718,165</u>	<u>3,436,327</u>
<b>6 OTHER PAYABLES</b>		
Other payable	<u>-</u>	<u>16,711</u>
	<u>-</u>	<u>16,711</u>
<b>7 STATUTORY RESERVE</b>		
Opening balance	<u>786,936</u>	<u>786,936</u>
	<u>786,936</u>	<u>786,936</u>
<b>8 RETAINED EARNINGS/(ACCUMULATED LOSS)</b>		
Opening balance	<u>(48,970,270)</u>	<u>(39,566,640)</u>
Net Profit / (Loss) for the year	<u>(23,871,179)</u>	<u>(9,403,631)</u>
	<u>(72,841,450)</u>	<u>(48,970,270)</u>
<b>9 SHAREHOLDERS' CURRENT ACCOUNT</b>		
Opening balance	<u>39,708</u>	<u>39,708</u>
Balance -at the end of the year	<u>39,708</u>	<u>39,708</u>
<b>10 GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Marketing & business dev. expenses	<u>1,718,163</u>	<u>1,718,163</u>
	<u>1,718,163</u>	<u>1,718,163</u>
<b>11 OTHER INCOME</b>		
Amount written back	<u>16,711</u>	<u>-</u>
	<u>16,711</u>	<u>-</u>
<b>12 RELATED PARTY TRANSACTIONS</b>		

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

**13 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.

**14 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.

**15** All the figures have been rounded off to the nearest USD.

**16 COMPARATIVE AMOUNTS**

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

**Approved by the directors on May 27, 2019**

**For FCS Software Middle East FZE**

**Managing Director**

