

SQS BFSI FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
FINANCIAL STATEMENTS
31 MARCH 2016

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CONTENTS	PAGE
DIRECTOR'S REPORT	1
INDEPENDENT AUDITORS' REPORT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF 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
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DIRECTORS' REPORT
31 MARCH 2016

The director has pleasure in submitting his report and the audited financial statements for the year ended 31 March 2016.

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 224,575/- 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 2016 and his interests in the share capital of the FZE as at that date were as follows:

Name	Number of share	AED
M/s SQS India BFSI Limited	24	600,000
	24	600,000

Auditors

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

Authorized Signatory
25 April 2016

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF SQS BFSI FZE
(Formerly known as THINKSOFT GLOBAL SERVICES FZE)
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH , U.A.E.**

We have audited the accompanying financial statements of **SQS BFSI FZE**, which comprise the statement of financial position, as at **31 March 2016**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended.

Managements' 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. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company'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 Company's internal controls. An audit also includes assessing the appropriateness of accounting principles used and significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

The management has compiled the financial statements on the basis of information, evidence and data that was available in the absence of proper books of accounts and records. Furthermore we remain unable to verify receivables, advances, deposits, due from/to related parties, accrued expenses, revenue, cost of sales, and administrative expenses.

An independent confirmation from the bank in respect of the FZE's bank accounts balances, related parties balances and any related information is still awaited.

Subject to the preceding paragraphs, in our opinion, the financial statements present fairly, in all material respects, the financial position of **SQS BFSI FZE**, as of **31 March 2016** and the results of its operations for the period then ended are in accordance with International Financial Reporting Standards.

NADEEM AND UMENDRA CHARTERED ACCOUNTANTS

Nadeem Hussain Khan
Registration No. 756
25 April 2016

Page 2 of 11

A member of



SQS BFSI FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 AED	2015 AED
NON-CURRENT ASSETS			
Fixed assets	4	9,385	-
		<u>9,385</u>	<u>-</u>
CURRENT ASSETS			
Other current assets	5	549,126	493,858
Due from related parties	6	2,577,761	1,141,184
Cash and cash equivalents	7	539,783	1,675,529
		<u>3,666,670</u>	<u>3,310,571</u>
TOTAL ASSETS		<u><u>3,676,055</u></u>	<u><u>3,310,571</u></u>
CURRENT LIABILITIES			
Due to related parties	5	165,396	-
Accounts payables	8	450	19,943
Other payables and provisions	9	829,782	834,776
		<u>995,628</u>	<u>854,719</u>
EQUITY FUNDS			
Share capital		600,000	600,000
Retained earnings		<u>2,080,427</u>	<u>1,855,852</u>
		<u>2,680,427</u>	<u>2,455,852</u>
TOTAL LIABILITIES AND EQUITY FUNDS		<u><u>3,676,055</u></u>	<u><u>3,310,571</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.

These financial statements have been approved and signed by the undersigned on 25 April 2016.
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 2016

	Note	2016 AED	2015 AED
REVENUE	10	11,753,853	10,630,753
Cost of sales	11	<u>(9,469,061)</u>	<u>(8,087,304)</u>
GROSS PROFIT		2,284,792	2,543,449
Administrative expenses	12	<u>(2,051,772)</u>	<u>(1,841,052)</u>
OPERATING PROFIT		233,020	702,397
Depreciation	4	(3,408)	-
Financial charges	13	(5,037)	(6,820)
NET PROFIT FOR THE YEAR		<u>224,575</u>	<u>695,577</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Share capital AED	Retained earnings AED	Total AED
As at 1 April 2015	600,000	1,160,275	1,760,275
Profit for the year	-	695,577	695,577
As at 31 March 2015	600,000	1,855,852	2,455,852
Profit for the year	-	224,575	224,575
As at 31 March 2016	600,000	2,080,427	2,680,427

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SHARJAH, U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 AED	2015 AED
Cash flows from operating activities			
Profit for the year		224,575	695,577
Adjustment:			
Add: Depreciation		<u>3,408</u>	<u>-</u>
Operating profit before changes in operating assets and liabilities		227,983	695,577
(Increase) / Decrease in other current assets		(55,268)	(108,556)
(Increase) / Decrease in due from related parties		(1,436,577)	(640,384)
Increase / (Decrease) in accounts payables		(19,493)	(43,791)
Increase / (Decrease) in due to related parties		165,396	(88,373)
Increase / (Decrease) in accrued and other payables		<u>(4,994)</u>	<u>261,701</u>
		<u>(1,350,936)</u>	<u>(619,403)</u>
Net cash from / (used in) operating activities (A)		<u>(1,122,953)</u>	<u>76,174</u>
Cash flows from investing activities			
Purchase of fixed assets		<u>(12,793)</u>	<u>-</u>
Net cash from / (used in) financing activities (B)		<u>(12,793)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents (A+B)		(1,135,746)	76,174
Cash and cash equivalents at beginning of the year		<u>1,675,529</u>	<u>1,599,355</u>
Cash and cash equivalents at end of the year	8	<u><u>539,783</u></u>	<u><u>1,675,529</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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. 8 of 1984, as amended. 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

Name	Number of share	AED
M/s SQS India BFSI Limited	24	600,000
	<u>24</u>	<u>600,000</u>

- 2.1 The authorized and paid up share capital of the SQS BFSI FZE is AED 600,000/- divided into 24 share of AED 25,000/- 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. 8 of 1984, as amended.

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
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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.

	<u>% age</u>
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.

4 FIXED ASSETS	Office Equipment	Computer Equipment	Total
Cost			
Addition during the year	1,799	10,994	12,793
As at 31 March 2016	<u><u>1,799</u></u>	<u><u>10,994</u></u>	<u><u>12,793</u></u>
Accumulated depreciation			
Charge for the year	486	2,922	3,408
As at 31 March 2016	<u><u>486</u></u>	<u><u>2,922</u></u>	<u><u>3,408</u></u>
Net Asset Value on 31 March 2016	<u><u>1,313</u></u>	<u><u>8,072</u></u>	<u><u>9,385</u></u>

SQS BFSI FZE
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

	2016 AED	2015 AED
5 OTHER CURRENT ASSETS		
Receivables	140,242	-
Prepayments	7,507	22,866
Advances to staff / creditor	100,735	170,350
Deposits	300,642	300,642
	<u>549,126</u>	<u>493,858</u>
6 RELATED PARTY TRANSACTIONS		
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 2016, following are the details of related party transactions:		
DUE FROM RELATED PARTIES		
SQS India BFSI Limited	2,577,761	994,083
SQS India BFSI Limited MEPZ unit	-	147,101
	<u>2,577,761</u>	<u>1,141,184</u>
DUE TO RELATED PARTIES		
SQS India BFSI Limited MEPZ unit	165,396	-
	<u>165,396</u>	<u>-</u>
7 CASH AND CASH EQUIVALENTS		
Cash at bank	539,783	1,675,529
	<u>539,783</u>	<u>1,675,529</u>
8 ACCOUNTS PAYABLES		
Accounts payables	450	19,943
	<u>450</u>	<u>19,943</u>
9 ACCURED AND OTHER PAYABLES		
Accrued expenses	755,119	717,541
Employees expenses payable	74,663	117,235
	<u>829,782</u>	<u>834,776</u>
10 REVENUE	<u>11,753,853</u>	<u>10,630,753</u>

(Note 9.1)

- 10.1** 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 2016

11 COST OF SALES

Direct expenses	9,469,061	8,087,304
	<u>9,469,061</u>	<u>8,087,304</u>

12 ADMINISTRATIVE EXPENSES

Salaries and benefits	1,461,572	1,203,073
Professional fees	36,485	29,251
Printing and stationery	-	3,892
Communication & utilities	2,340	12,156
Business promotion expenses	308,385	184,646
Travelling expenses	108,054	181,960
Exchange (Loss)	62,001	61,108
Other administrative expenses	72,935	164,966
	<u>2,051,772</u>	<u>1,841,052</u>

13 FINANCIAL CHARGES

Bank charges	5,037	6,820
	<u>5,037</u>	<u>6,820</u>

14 FINANCIAL INSTRUMENTS

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
HAMRIYAH FREE ZONE AUTHORITY
SHARJAH, U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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.

These financial statements have been approved and signed by the undersigned on 25 April 2016.
For SQS BFSI FZE

Authorized Signatory
