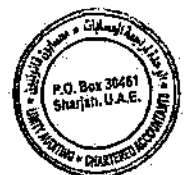




**SUBEX MIDDLE EAST(FZE)
P.O.Box 513156, SAIF Zone, Sharjah
United Arab Emirates**

**Independent Auditor's Report
and Financial Statements
Year ended 31 March 2017**

**Unity Auditing
Chartered Accountants**
Suite No.1, Floor 1, Abudhabi Commercial Bank Building, Mina Road
P.O. Box 30461, Sharjah, U.A.E. Tel. 971 6 5643071
e-mail: unityshj@eim.ae www.unityauditingsharjah.com





**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF SUBEX MIDDLE EAST (FZE), SAIF ZONE, SHARJAH**

We have audited the accompanying financial statements of **Subex Middle East (FZE), Sharjah**, as at 31 March 2017 which comprise of the statement of financial position as at 31 March 2017 and the statement of comprehensive income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

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.

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. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 policies used and the 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 **Subex Middle East (FZE)**, as of 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards. We have obtained all the information and explanations necessary for our audit, proper books of account have been kept and the contents of the report of the Manager relating to these financial statements are in agreement with the books of account. To the best of our knowledge and belief, no violations of the Rules and Regulations of the Sharjah Airport International Free Zone Companies or the Memorandum and Articles of Association have occurred, which would have had a material effect on the business or on its financial position.

Unity Auditing, Chartered Accountants
Lal Thomas, FCA
Registered Auditor No. 774

Sharjah, United Arab Emirates
10 May 2017





SUBEX MIDDLE EAST(FZE)
STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	31-Mar-17 AED	31-Mar-16 AED
ASSETS			
Current Assets			
Accounts receivable and prepayments	3	10,051,455	321,036
Cash and cash equivalents	4	5,981,913	12,566,901
		<u>16,033,368</u>	<u>12,887,937</u>
TOTAL ASSETS		<u>16,033,368</u>	<u>12,887,937</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	150,000	150,000
Retained earnings /(loss)	6	254,561	64,981
Shareholders' funds		<u>404,561</u>	<u>214,981</u>
Current Liabilities			
Accounts payable and accruals	7	15,628,807	12,672,956
TOTAL EQUITY AND LIABILITIES		<u>16,033,368</u>	<u>12,887,937</u>

The financial statements are approved by the Manager as on 10 May 2017.


Manager
SUBEX MIDDLE EAST(FZE)


The attached notes 1 to 14 form part of these financial statements.





**SUBEX MIDDLE EAST(FZE)
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2017**

		(12 months)	(13 months)
	Notes	31-Mar-17 AED	31-Mar-16 AED
Revenue		9,315,775	654,629
Cost of sales	8	<u>(8,801,505)</u>	<u>(571,744)</u>
GROSS PROFIT/(LOSS)		514,270	82,885
Administration expenses	9	<u>(213,373)</u>	<u>(26,650)</u>
PROFIT FROM OPERATIONS		300,897	56,235
Other income		56,623	10,252
Exchange gain /(loss)		(158,059)	-
Finance costs		<u>(9,881)</u>	<u>(1,506)</u>
NET PROFIT/ (LOSS)		<u>189,580</u>	<u>64,981</u>


Manager
SUBEX MIDDLE EAST(FZE)

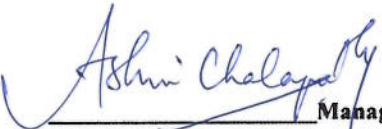
The attached notes 1 to 14 form part of these financial statements.





**SUBEX MIDDLE EAST(FZE)
STATEMENT OF CASH FLOWS
Year ended 31 March 2017**

	(12 months) 31-Mar-17 AED	(13 months) 31-Mar-16 AED
OPERATING ACTIVITIES		
Net profit/ (loss)	189,580	64,981
Adjustments for non- cash items:		
Finance costs	9,881	1,506
Operating profit before working capital changes	199,461	66,487
(Increase)/ decrease in accounts receivables and prepayments	(9,730,419)	(321,036)
Increase/ (decrease) in accounts payables and accruals	2,955,851	12,672,956
Cash from/ (used in) operations	(6,575,107)	12,418,407
Finance costs paid	(9,881)	(1,506)
Net cash from/ (used in) operating activities	(6,584,988)	12,416,901
INVESTING ACTIVITIES		
Net cash from/ (used in) investing activities	-	-
FINANCING ACTIVITIES		
Share capital	-	150,000
Net cash from/ (used in) financing activities	-	150,000
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,584,988)	12,566,901
Cash and cash equivalents at the beginning	12,566,901	-
CASH AND CASH EQUIVALENTS AT THE END	5,981,913	12,566,901


Manager
SUBEX MIDDLE EAST(FZE)

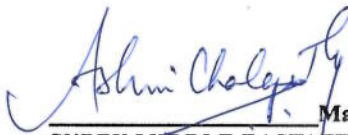
The attached notes 1 to 14 form part of these financial statements.





**SUBEX MIDDLE EAST(FZE)
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2017**

	Share capital	Retained earnings / (losses)	Total
	AED	AED	AED
Share capital introduced	150,000	-	150,000
Net profit / (loss)	-	64,981	64,981
Balance at 31 March 2016	150,000	64,981	214,981
Net profit / (loss)	-	189,580	189,580
Balance at 31 March 2017	150,000	254,561	404,561


Manager
SUBEX MIDDLE EAST(FZE)

The attached notes 1 to 14 form part of these financial statements.





SUBEX MIDDLE EAST (FZE)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND ACTIVITIES

Subex Middle East (FZE) is registered with the Sharjah Airport Free Zone Authority, United Arab Emirates, as a Free Zone Establishment with Limited Liability, under Emiri decree no. 2 of 1995 and operates under service license no. 15123 issued on 25 March 2015.

The address of the registered office of the Establishment is SAIF Desk Q1 - 04 - 098/B, P.O.Box 513156, SAIF Zone, Sharjah, United Arab Emirates.

The principal activity of the Establishment is providing information technology solutions and related services.

Mr. Ashwin Chalapathy, Indian, is the Manager of the Establishment.

Shareholder's interests

Shareholder's interest in the share capital of the Establishment as at 31 March 2017 was as follows:

Name	No. of shares	Amount	Percentage
M/s. Subex Limited, India	1	AED 150,000	100%

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the implementing rules and regulations applicable to Sharjah Airport International Free Zone Establishments.

The accounting policies are consistent with those used in the previous financial year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Trade receivable

The Establishment recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss..





Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets less estimated residual value, where material, is depreciated using the straight-line method at rates of depreciation sufficient to depreciate the assets concerned over their estimated useful lives. The estimated useful lives are as follows:

Plant & machinery	4 – 5	years
Furniture & fixtures	4 – 5	years

An assessment of residual values is undertaken at the end of each reporting period and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge. Gains or losses on disposal are determined by reference to their carrying amount and are included in operating profit.

Impairment of property and equipment

At the end of each reporting period, management conducts an assessment of property and equipment 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.

Employees' end of service benefits

Provision for employee's end of service benefits is calculated in accordance with the UAE Federal Labor Law.

The liability is computed assuming that all employees were to leave as at the end of the reporting period. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates would have offsetting effect.

Trade payables, provisions and accruals

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Establishment.

Provisions are recognised when the Establishment 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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Amount disclosed as revenue are inclusive of excise duty and net of return and trade allowance.

The Establishment has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenues from licensing arrangements is recognized on transfer of the title in user licenses, except those





contracts where transfer of title is dependent upon rendering of significant implementation and other services by the Establishment, in which cases revenue is recognized over the implementation period in accordance with the specific terms of the contracts with clients.

Revenue from implementation services is recognised using the percentage of completion method.

Revenue from managed/ support services comprise income from fixed price contracts and time-and-material contracts. Revenue from fixed price contracts is recognised pro-rata over the period of the contract. Revenue from time and material contracts is recognized when the services are rendered in accordance with the terms of contracts with clients.

In case of composite contracts involving granting of license and support services, license revenues are recognized on transfer of the license if identified separately and in other cases, they are recognized over the period of the contract along with revenue from support services.

Revenue from software development is recognized on the basis of chargeable time or achievement of prescribed milestones as relevant to each contract.

Sale of hardware under reseller arrangements are recognized on dispatch of goods to customers and are recorded net of discounts, rebates for price adjustment, projections, shortage in transit, taxes and duties.

Maintenance and service income is recognised on time proportion basis.

Interest expense

Interest expense incurred on funds obtained from banks and financial institutions is accrued and expensed out on period basis.

Related parties

Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand and unrestricted balance of current accounts with banks.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains or losses resulting from settlement of foreign currency transactions are taken to the 'statement of comprehensive income' on net basis as either 'Foreign exchange gains' or 'Foreign exchange losses' and included in 'Finance income' or 'Finance costs' respectively.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cashflows discounted at the current market rate of return for a similar financial asset;





- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Risk management

The Establishment's management focuses on the unpredictability of financial markets and continually seeks to identify its risks and minimize their impact by conducting and operating the business in a prudent manner. The Establishment's activities are exposed to a variety of financial risks such as credit, currency, interest rates and liquidity risks. The monitoring of the credit and currency risk, where relevant is explained.





	(12 months)	(13 months)
3 ACCOUNTS RECEIVABLE AND PREPAYMENTS	31-Mar-17	31-Mar-16
	AED	AED
Trade and other receivables	9,511,290	268,593
Prepaid expenses	25,500	25,500
Margin money deposit	275,477	-
Due from related parties	239,188	26,943
	Note 10	
	<u>10,051,455</u>	<u>321,036</u>
4 CASH AND CASH EQUIVALENTS	31-Mar-17	31-Mar-16
	AED	AED
Cash at bank	<u>5,981,913</u>	<u>12,566,901</u>
5 SHARE CAPITAL	31-Mar-17	31-Mar-16
	AED	AED
Authorized, issued and fully paid up 1 share of AED 150,000	<u>150,000</u>	<u>150,000</u>
6 RETAINED EARNINGS	31-Mar-17	31-Mar-16
	AED	AED
Beginning balance	64,981	-
Current year profit	189,580	64,981
	<u>254,561</u>	<u>64,981</u>
7 ACCOUNTS PAYABLE AND ACCRUALS	31-Mar-17	31-Mar-16
	AED	AED
Trade creditors	5,422	-
Accrued expenses	251,916	-
Due to related parties	15,371,468	12,672,955
	Note 10	
	<u>15,628,807</u>	<u>12,672,956</u>
8 COST OF SALES	31-Mar-17	31-Mar-16
	AED	AED
Purchases, subcontracting, consumables etc	<u>8,801,505</u>	<u>571,744</u>





9 ADMINISTRATION EXPENSES

	31-Mar-17	31-Mar-16
	AED	AED
Lease and licence	25,500	25,800
Commission	176,616	-
Postage and courier	1,000	850
Legal and professional	6,900	-
Office expense	4,257	-
	<u>213,373</u>	<u>26,650</u>

10 RELATED PARTY TRANSACTIONS

During the year, the Establishment had the following related party transactions which were carried out in the normal course of business. Pricing policies and terms of these transactions are approved by the Directors of the Establishment.

Particulars of the related party		31-Mar-17	31-Mar-16
<u>Statement of financial position:</u>		AED	AED
Receivables : Subex Azure Ltd, India	Note 3	219,909	26,943
Receivables : Subex UK Ltd, Middlesex, Harrow	Note 3	19,278	-
		<u>239,188</u>	<u>26,943</u>
Payables : Subex Azure Ltd, India	Note 7	5,831,029	608,855
Payables : Subex UK Ltd, Middlesex, Harrow	Note 7	944,100	944,100
Payables : Subex Ltd, India	Note 7	8,078,345	11,120,000
Payables : Subex (Asia Pacific) PTE Ltd.	Note 7	517,994	-
		<u>15,371,468</u>	<u>12,672,955</u>

11 RISK MANAGEMENT

Interest rate risk

The Establishment is not exposed to any significant interest rate risk.

Credit risk

The Establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the end of the reporting period, the Establishment has a significant exposure to credit risk as the whole trade receivables are due from outside the UAE. With respect to credit risk arising from the other financial assets of the Establishment, including cash and cash equivalents, and derivative instruments with positive values, the Establishment's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Establishment limits its liquidity risk by ensuring own funds. The Establishment's terms of sales require amounts to be paid within 60 to 90 days of the date of sale. Trade accounts payables are normally settled within 30 to 60 days from the date of purchase.

Currency risk

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in AED or USD with which AED rate is fixed.





12 COMMITMENTS AND CONTINGENCIES

Except the ongoing business obligations which are normal in the 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 at the reporting date.


13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprises financial assets and financial liabilities. Financial instruments of the Establishment comprises of cash at bank, accounts receivables, accounts payables and other liabilities. The fair values of financial assets and liabilities are not materially different from their carrying values.

14 COMPARATIVES AND REPORTING PERIOD

Comparative amounts are taken from the previous year's audited financial statements. The corresponding figures for the previous year have been reclassified, wherever necessary, in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported net profit or shareholder's equity.

The figures are reported for the 12 months period from 1 April 2016 to 31 March 2017, (2015 :13 months from 25 March 2015 to 31 March 2016).


Manager
SUBEX MIDDLE EAST (FZE)

