8K MILES SOFTWARE SERVICES (FZE)
SAIF ZONE
SHARJAH - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD AS ON 29th February 2020

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Ref: SPA/2020/0068 Date: 05th March 2020

Independent Auditors' Report

To

The Manager,
8K Miles Software Services (FZE)
Sharjah International Airport Free Zone,
Executive Desk,Q1-05-109/C,
P.O. Box: 513211,
Sharjah - United Arab Emirates

We have audited the accompanying financial statements of **8K Miles Software Services (FZE),** which comprise the balance sheet as at **29th Feb 2020** and the statement 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.

Management 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.

تليفون: ٦١٧ ٢٣٤٩ ٤ ٩٧١+ فاكس: ٦١٨ ٢٣٤٩ ٤ ٩٧١+، ص.ب: ١٨٥٨٧٩، دبي - ا.ع.م
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Independent Auditors' Report (continued)

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 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 referred to above as on 29th Feb 2020 since the closure of operation, in our opinion, the financial statements present fairly, in all material respects, the financial position of **8K Miles Software Services (FZE), SAIF Zone, Sharjah – United Arab Emirates** the period of 11 months as of **29th Feb 2020**, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Also, in our opinion, there were no contraventions during the year of the pursuant to Emiri Decree No. 2 of 1995 as applicable for business entities in SAIF Zone, Sharjah, which might have materially affected the financial position of the Establishment or the result of its operations for the year.

CA P Sriganesh
(Reg No.601)
Managing Partner

ABDALLAH AL QAYDI SPA AUDITING
CHARTERED ACCOUNTANTS
DUBAI – UNITED ARAB EMIRATES

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Abdallah Al Qaydi S P A Auditing

8K Miles Software Services (FZE)
Sharjah - United Arab Emirates

Statement of Comprehensive Income
for the period ended February 29, 2020 and for the year ended March 31, 2019
(In Arab Emirates Dirhams)

	Note	**29-Feb-20**	31-Mar-19
		AED	AED
Revenue	12	-	39,811,613
Direct Expenses	13	-	(17,837,879)
		-	21,973,734
Administrative expenses	14	**(31,071,554)**	(12,081,298)
Amortization expenses	15	**(30,404,165)**	(5,857,176)
Net (Loss)Profit for the year		**(61,475,719)**	4,035,259
Other Income		-	123,000
Net Income		**(61,475,719)**	4,158,259

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

The Report of the Auditors is set out on pages 1 and 2.

The financial statements on pages 3 to 18 were approved and signed by the Manager on 05th March 2020.

Manager
8K Miles Software Services (FZE)

8KMILES SOFTWARE SERVICES LTD.

8K Miles Software Services (FZE)
Sharjah - United Arab Emirates

Statement of Financial Positon as of February 29, 2020 and March 31, 2019
(In Arab Emirates Dirhams)

	Note	29-Feb-20	31-Mar-19
Assets		**AED**	AED
Current assets			
Cash on hand and at bank	6	**1,069**	11,736
Trade receivables	7	-	24,618,383
Other receivables and prepayments	8	-	6,628,012
Total Current assets		**1,069**	31,258,131
Non-Current Assets			
Intangible Assets		-	30,404,165
Total Non-Current Assets		-	30,404,165
Total Assets		**1,069**	61,662,295
Liabilities and Proprietor's Equity			
Trade Payables and accrued expenses	9	-	86,128
Accrued expenses & Other payables	10	**124,000**	223,379
		124,000	309,507
Total Liabilities		**124,000**	309,507
Equity			
Capital		**150,000**	150,000
Retained Earnings	11	**(272,931)**	61,202,788
Total Equity		**(122,931)**	61,352,788
Total Liabilities and Proprietor's Equity		**1,069**	61,662,295

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

The Report of the Auditors is set out on pages 1 and 2.

The financial statements on pages 3 to 18 were approved and signed by the Manager on 05th March 2020.

Manager
8K Miles Software Services (FZE)

8KMILES SOFTWARE SERVICES LTD.

8K Miles Software Services (FZE)
Sharjah - United Arab Emirates

Statement of Changes in Shareholder's Equity
for the period ended February 29, 2020 and for the year ended March 31, 2019
(In Arab Emirates Dirhams)

	Share Capital	**Shareholder's Current Account**	**Retained Earnings**	**Total**
	AED	**AED**	**AED**	**AED**
As at 1st April 2018	150,000	-	57,044,529	57,194,529
Changes in Shareholders' Equity:				
Net Profit for the year	-	-	4,158,259	4,158,259
Net movements	-	-	-	-
Balance at March 31,2019	**150,000**	**-**	**61,202,788**	**61,352,788**
Net Profit for the year	-	-	(61,475,719)	(61,475,719)
Net movements	-	-	-	-
Balance at February 29,2020	**150,000**	**-**	**(272,931)**	**(122,931)**

8K Miles Software Services (FZE)
Sharjah - United Arab Emirates

Statement of Cash Flows
for the period ended February 29, 2020 and for the year ended March 31, 2019
(In Arab Emirates Dirhams)

	29-Feb-20	31-Mar-19
	AED	AED
Cash flows from operating activities:		
Net Profit for the period	**(61,475,719)**	4,158,259
Amortization	**30,404,165**	5,857,176
Operating profit before changes in operating assets and liabilities	**(31,071,554)**	10,015,435
Increase/(Decrease) in Trade Payables	**(86,128)**	(86,061)
Increase/(Decrease) in Other payables & Accrued expenses	**(99,379)**	(292,511)
(Increase)/decrease in Trade Receivables	**24,618,382**	2,092,609
(Increase)/decrease in Other receivables and prepayments	**6,628,012**	11,664,901
Cash from operating activities	**(10,667)**	23,394,374
Cash flows in investing activities:		
Increase in Intangible assets	**-**	(23,903,122)
Net cash (used in) from investing activities	**-**	(23,903,122)
Net cash (used in) financing activities		-
Net increase in cash and cash equivalents	**(10,667)**	(508,748)
Cash and cash equivalents, beginning of the year	**11,736**	520,484
Cash and cash equivalents, end of the year	**1,069**	11,736
Represented by:		
Cash at Bank	**1,069**	11,736
NOTE 4	**1,069**	11,736

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

The Report of the Auditors is set out on pages 1 and 2.

Notes to the Financial Statements
For the period as of 29th February 2020.

1 Legal status and business activity:

1.1 **8K Miles Software Services (FZE),** Sharjah – United Arab Emirates ("the Establishment") was incorporated on March 14, 2011 and operates as a Free Zone Establishment with Limited Liability in the United Arab Emirates, under a service license issued by the Sharjah Airport International Free Zone, Sharjah.

1.2 The main activities of the Establishment are providing IT Services & Solutions.

1.3 The registered office of the Establishment is located at Executive Desk Q1-05-109/C, P O Box 513211, SAIF Zone, Sharjah, UAE.

1.4 The management and control of the establishment is vested with Mr. Ramani Rama Subramani.

1.5 These financial statements incorporate the operating results of Service license No.09147.

1.6 The operations of the company ceased with effect from 29th February 2020 since the board has decided to shift the entire business of UAE entity to their subsidiary in United states as a part of reducing the overhead cost.

1.7 The financial statement has been prepared for the period of 11 months from 1st April 2019 to 29th February 2020.

2 Capital:

The authorized, issued and paid up share capital of the Establishment is AED 150,000 divided into 1 share(s) of AED 150,000 each. The share(s) are entirely held by M/s.8K Miles Software Services Ltd, India.

3 Summary of significant accounting policies

3.1 Statement of Compliance

The financial statements of the Establishment have been prepared in accordance with International Financial Reporting Standards (IFRS).

Notes to the Financial Statements
For the period as of 29th February 2020.

3.2 Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised standards including amendments thereto and interpretations which became effective for the current reporting year have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

A The Company has adopted new and amended IFRSs and IFRIC interpretations which became effective on 1 January 2019. The adoption of these standards did not have material impact on the financial position or financial performance of the Company. The new and amended standards and IFRIC interpretations applied during the year are disclosed below:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer (owner): A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue, as and when the Company satisfies a performance obligation.

IFRS 9 — Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2019, bringing together all the three aspects of the accounting for the financial instrument: classification and measurement; impairment; and hedge accounting. The effect of adopting IFRS 9 is as follows:

Impairment

The adoption of IFRS 9 requires the Company to account for impairment loss for the financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all service charge and other receivables not held at fair value through profit or loss (FVTPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For the service charge and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on the life time expected credit losses. Company has established an approach which is based on the historical credit loss experience, economic factors, and rights of lien to recover the service charges along with Regulator's concerns on service charge receivables.

The Company assessed the expected credit losses as prescribed by the requirements of IFRS 9 against service charge and other receivables and concluded that there was no material impact on the financial statements.

New standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the Company’s accounting period and have not been early adopted by the Company. The standards and interpretations are not likely to have a significant impact on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes to the Financial Statements
For the period as of 29th February 2020.

3.4 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets and financial liabilities are recognized on the Establishment's statement of financial position when the establishment has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

3.6 Trade and other receivables

Trade and other receivables are measured initially at the transaction cost. They are subsequently stated at net of provisions for impairment, which is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

3.7 Trade payables

Trade payables are recognized initially at the transaction price for the goods and services received, whether billed by the customers or not.

Notes to the Financial Statements
For the period as of 29th February 2020.

3.8 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation and amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 Provisions

A provision is recognized if, as a result of a past event, the establishment has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of future economic benefits will be required to settle the obligation.

3.10 Revenue recognition

Income is recognised when: the amount of revenue can be reliably measured; it is possible that future economic benefits will flow to the entity; and specific criteria have been met.

3.11 Intangible Assets

IAS 38 requires an entity to recognise an intangible asset, whether purchased or self-created (at cost) if, and only if: [IAS 38.21]

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

This requirement applies whether an intangible asset is acquired externally or generated internally. IAS 38 includes additional recognition criteria for internally generated intangible assets.

Notes to the Financial Statements
For the period as of 29th February 2020.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. [IAS 38.22] The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination. [IAS 38.33]

Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging up to 6 years. Refer to Note15.

4 Critical accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

5 Financial risk management

5.1. Financial risk management objectives

The Establishment's management observes domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Establishment through analysing risks exposure by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk, and liquidity risk. The establishment seeks to minimize the effects of risks related to financial instruments. The establishment policies in this regards are set and approved by the management on foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

Notes to the Financial Statements
For the period as of 29th February 2020.

5.2. Market risk

The establishment activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Establishment is not exposed to any significant interest rate risks.

5.3. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the establishment. The establishment obtains information about counterparty's credit worthiness from publicly available information and its own trading records. Credit risk is primarily related to the trade and other receivable balance which were presented in the balance sheet net of provision from doubtful debt that was estimated by management based on prior experience and prevailing economic condition.

5.4 Foreign Currency Management

The establishment undertakes certain transactions denominated in foreign currencies. Hence exposures to the exchange rate fluctuations arise. Currently the establishment is mainly exposed to the currency exchange risk related to the transactions denominated in the multi currencies. There is no currency exchange risk related to transactions denominated in the US dollars or currencies linked with it as the AED rate is fixed to the US dollar. The management undertakes suitable procedure to minimize risk associated with transactions denominated in currencies other than AED and USD.

Notes to the Financial Statements
For the period as of 29th February 2020.

6	**Cash on hand and at bank**	**29-Feb-20**	**31-Mar-19**
		AED	**AED**
	Cash in hand		759
	Bank balances	1,069	10,977
		1,069	**11,736**

7	**Trade receivables**	**29-Feb-20**	**31-Mar-19**
		AED	**AED**
	Accounts Receivables	24,618,383	24,618,383
	Less: Provision for Unsettled recoveries	(24,618,383)	
		-	**24,618,383**

The Management as per the board have taken a concise decision to make provision towards balance receivables after carrying out necessary initiate to recover from the parties. Since there are unsettled disputes on the certain reimbursement cost towards outsourced staff on the project, it has been decided to make provision and same can be reversed back on receipt of the proceeds.

8	**Other receivables and prepayments**	**29-Feb-20**	**31-Mar-19**
		AED	**AED**
	Other receivables & Prepayments	6,628,012	6,628,012
	Less: Provision for Write off	(6,628,012)	-
		-	**6,628,012**

The Management as per Board have taken a decision for providing towards write off of certain deposits related to the earlier projects which is part of set off of recovery adjustments.

9	**Trade Payables**	**29-Feb-20**	**31-Mar-19**
		AED	**AED**
	Trade payables		86,128
		-	**86,128**

Notes to the Financial Statements
For the period as of 29th February 2020.

		29-Feb-20	31-Mar-19
10	**Provisions and accrued expenses**	**AED**	**AED**
	Other payables & Accrued expenses	124,000	223,379
		124,000	**223,379**

		29-Feb-20	31-Mar-19
11	**Retained Earning**	**AED**	**AED**
	Opening Balance	61,202,788	57,044,529
	Net Profit for the year	(61,475,719)	4,158,259
	Less: Net Movements		
	Closing Balance	**(272,931)**	**61,202,788**

		29-Feb-20	31-Mar-19
12	**Revenue**	**AED**	**AED**
	Revenue	-	39,811,613
		-	**39,811,613**

		29-Feb-20	31-Mar-19
13	**Direct Expenses**	**AED**	**AED**
	Direct Cost	-	17,837,879
		-	**17,837,879**

		29-Feb-20	31-Mar-19
14	**Administrative expenses**	**AED**	**AED**
	Rent, Rates and Utilities	86,500	**303,719**
	Sales and Marketing Costs	-	**4,332,808**
	Research and Development Costs	-	**2,309,339**
	Cloud Hosting and Communication	-	**2,481,477**
	Travelling and Logistics	-	**1,864,414**
	Professional and Consultancy	10,000	**165,400**
	Other Administration Expenses	248,659	**624,141**
	Provision for Unsettled recoveries	30,726,395	**-**
		31,071,554	**12,081,298**

Notes to the Financial Statements
For the period as of 29th February 2020.

15 Amortization of Assets

The Management vide through the approval from Parent company by Board Resolution dated 29.02.2020, the assets in the nature of Tangible and Intangible developed for early particular projects have been amortized as the said assets are no longer required since closure of contract and the same cannot be used for any client project as per the Non circumvention agreement signed with various client.

Property, plant and equipment

	Intanbible assets	Total
	AED	**AED**
Cost:		
As at 1 April 2019	40,363,090	**40,363,090**
Additions during the period	-	-
At 29 February 2020	**40,363,090**	**40,363,090**
Accumulated Amortization		
As at 1 April 2019	9,958,925	**9,958,925**
Amortization for the period	30,404,165	**30,404,165**
At 29 February 2020	**40,363,090**	**40,363,090**
Net book value:		
At 29 February 2020	-	-
As at 31 March 2019	**8,359,501**	**8,359,501**

16 Financial instruments

Financial instruments of the Establishment comprise of cash at bank, trade receivables, other assets, trade payables and other liabilities.

Credit risk

Financial assets which potentially expose the establishment to concentration of credit risk comprise principally bank accounts, trade receivables and other receivables.

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

Exchange rate risk

There are exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, US Dollars and British Pounds, but all the risks have been duly provided for.

Interest rate risk

There were no bank borrowings as at the Balance Sheet Date.

Fair values

At the balance sheet date, the fair values of financial assets and liabilities at period-end approximate to their carrying amounts.