



**SUBEX MIDDLE EAST (FZE )**  
**Sharjah Airport International Free Zone,**  
**Sharjah, United Arab Emirates**

**Independent Auditor's Report**  
**and Financial Statements**  
**Year ended 31 March 2024**

**Al Shuruq Auditing and Accounting**  
**Chartered Accountants**  
P.O. Box 30001, Sharjah, United Arab Emirates  
Tel. +971 6 5654747, +971 6 7675010  
e-mail: [info@alshuruqauditing.com](mailto:info@alshuruqauditing.com), [www.alshuruqauditing.com](http://www.alshuruqauditing.com)



**SUBEX MIDDLE EAST (FZE )**  
**Sharjah Airport International Free Zone,**  
**Sharjah, United Arab Emirates**

**Independent Auditor's Report**  
**and Financial Statements**  
**Year ended 31 March 2024**

| <b>Table of Contents</b>          | <b>Page No.</b> |
|-----------------------------------|-----------------|
| Report of the Director            | 1               |
| Independent Auditor's Report      | 2- 3            |
| Statement of Financial Position   | 4               |
| Statement of Comprehensive Income | 5               |
| Statement of Cashflows            | 6               |
| Statement of Changes in Equity    | 7               |
| Notes to the Financial Statements | 8 - 15          |

**SUBEX MIDDLE EAST (FZE)**  
**REPORT OF THE DIRECTORS**  
**Year ended 31 March 2024**

We have pleasure in submitting this report and the audited financial statements for the year ended 31 March 2024.

**Review of business activities**

The principal activity of the Establishment is providing IT solutions & related services.

| Financial results   | 31-Mar-24<br>AED | 31-Mar-23<br>AED |
|---------------------|------------------|------------------|
| Turnover            | 17,435,009       | 3,527,055        |
| Net profit / (loss) | (416,512)        | (6,861,297)      |

**Events since the end of the year**

There are no significant events since the year ended 31 March 2024.

**Shareholder's interest**

Authorized, issued and fully paid up share capital of the Establishment is AED 150,000.

| Name                | Nationality | No. of shares | Amount(AED) | %    |
|---------------------|-------------|---------------|-------------|------|
| Subex Assurance LLP | India       | 1             | 150,000     | 100% |

Mr. Suraj Balachandran is the Manager of the Establishment.

**Management and its responsibilities**

We confirm that we are responsible for the financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available relevant accounting records and information for the completion of these audited financial statements.

**Statutory compliance**

The Establishment has complied with all the rules, regulations applicable to Sharjah Airport Free Zone Companies. It has also complied with rules and regulations as implemented by UAE Federal government, with respect to VAT, ESR, UBO. We believe that there are no violation of the UAE AML Law.

**Auditors**

The Auditors, Al Shuruq Auditing and Accounting, Chartered Accountants, United Arab Emirates, are eligible and have expressed their willingness to continue in office. A resolution to re-appoint them as auditors will be proposed in the ensuing annual general meeting.

  
  
**Authorised Signatory**  
**SUBEX MIDDLE EAST (FZE )**

10 May 2024



Post Box 513156, SAIF Zone, Sharjah, United Arab Emirates



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

**Opinion**

We have audited the accompanying financial statements of Subex Middle East (FZE), (the "Establishment"), which comprise of the statement of financial position as of 31 March 2024, the related statements of comprehensive income, cash flows and changes in equity 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 present fairly, in all material respects, the financial position of the Establishment as of 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Enterprises ("IFRS for SMEs").

**Emphasis of matter**

Without qualifying our opinion, we draw attention to: Note 2(c) that although as at the end of the reporting period, the Establishment had accumulated losses of AED 9,658,535, and there was a deficit of AED 9,508,535 on Owners' equity, and its current liabilities exceeded the current assets by AED 9,508,535, these financial statements have been prepared on a going concern basis as the owners have confirmed their intention to continue with the business and have agreed to provide their continuing financial support to enable it meet its payment obligations when they fall due.

**Basis for opinions**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the section 'Auditor's responsibilities for the audit of the financial statements'. 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 other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("UAE") and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, and the applicable provisions of Memorandum and Articles of Association, the UAE Federal Decree Law No. 32 of 2021 on Commercial Companies, Implementing rules and regulation of the Sharjah Airport International Free Zone, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is responsible for overseeing the financial reporting process.

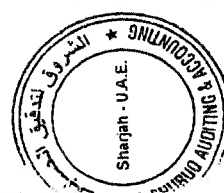
In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

**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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism 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 controls;

- obtain an understanding of internal controls 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 internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- conclude on the appropriateness of management's use of the going concern basis of accounting head, 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 the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

#### Report on legal and regulatory requirements

As required by the UAE Federal Decree Law No. 32 of 2021 on Commercial Companies, we report that:

1. we have obtained all the information and explanations necessary for the purpose of our audit;
2. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Decree Law No. 32 of 2021 on Commercial Companies and the Memorandum and Articles of Association;
3. the Establishment has maintained proper books of accounts;
4. the financial information included in the Director's report is consistent with the books of account;
5. the activities undertaken by the Company are not different from activities permitted under the license issued;
6. the Establishment has not purchased or invested in shares during the financial year;
7. the Establishment generated revenue from licenced activities, and income from other activities is reported as 'other income';
8. the financial statements discloses material related party transactions and the terms under which they were concluded; and
9. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Establishment has contravened, during the year, any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 on Commercial Companies, of the Implementing rules and regulations of Sharjah Airport International Free Zone, and of its Memorandum and Articles of Association, which would materially affect its activities or its financial position as at that date.

Al Shuruq Auditing and Accounting  
CA Lal Thomas, FCA  
Registered Auditor No. 774

Sharjah, 10 May 2024





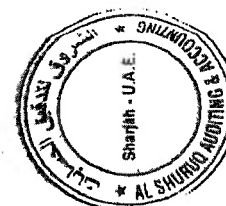
**SUBEX MIDDLE EAST (FZE )**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2024**

|                                     | Notes | 31-Mar-24<br>AED   | 31-Mar-23<br>AED   |
|-------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                       |       |                    |                    |
| <b>Current assets</b>               |       |                    |                    |
| Accounts receivable and prepayments | 3     | 12,256,737         | 9,929,428          |
| Cash and cash equivalents           | 4     | 344,397            | 50,141             |
|                                     |       | <u>12,601,134</u>  | <u>9,979,569</u>   |
| <b>TOTAL ASSETS</b>                 |       | <u>12,601,134</u>  | <u>9,979,569</u>   |
| <b>EQUITY AND LIABILITIES</b>       |       |                    |                    |
| <b>Capital and reserves</b>         |       |                    |                    |
| Share capital                       | 5     | 150,000            | 150,000            |
| Retained earnings / (losses)        | 6     | (9,658,535)        | (9,242,023)        |
|                                     |       | <u>(9,508,535)</u> | <u>(9,092,023)</u> |
| Shareholder's funds/ equity         |       |                    |                    |
| <b>Current liabilities</b>          |       |                    |                    |
| Accounts payable and accruals       | 7     | 22,109,669         | 19,071,592         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <u>12,601,134</u>  | <u>9,979,569</u>   |

The financial statements are approved by the Directors on 10 May 2024.

  
  
Authorised Signatory  
**SUBEX MIDDLE EAST (FZE )**

The attached notes 1 to 16 form part of these financial statements.





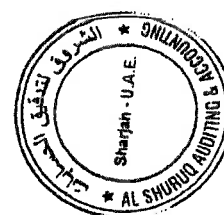
**SUBEX MIDDLE EAST (FZE )**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2024**

|                                   | Notes | 31-Mar-24<br>AED | 31-Mar-23<br>AED   |
|-----------------------------------|-------|------------------|--------------------|
| Revenue                           | 8     | 17,435,009       | 3,527,055          |
| Direct costs                      | 9     | (16,566,477)     | (3,330,727)        |
| <b>GROSS PROFIT/(LOSS)</b>        |       | <b>868,532</b>   | <b>196,328</b>     |
| Administration expenses           | 10    | (1,154,237)      | (6,296,185)        |
| Other income                      | 11    | -                | 136,367            |
| <b>OPERATING PROFIT / (LOSS)</b>  |       | <b>(285,705)</b> | <b>(5,963,490)</b> |
| <b>Finance costs</b>              |       |                  |                    |
| Bank charges                      |       | (7,238)          | (6,111)            |
| Exchange gain/ (loss)             |       | -                | (25)               |
| <b>PROFIT / (LOSS) BEFORE TAX</b> |       | <b>(292,943)</b> | <b>(5,969,626)</b> |
| Withholding tax                   |       | (123,569)        | (891,671)          |
| <b>NET PROFIT/ (LOSS)</b>         |       | <b>(416,512)</b> | <b>(6,861,297)</b> |



Authorised Signatory  
**SUBEX MIDDLE EAST (FZE )**

The attached notes 1 to 16 form part of these financial statements.





**SUBEX MIDDLE EAST (FZE )**  
**STATEMENT OF CASH FLOWS**  
**Year ended 31 March 2024**

|                                                              | 31-Mar-24<br>AED | 31-Mar-23<br>AED |
|--------------------------------------------------------------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                  |                  |                  |
| Net profit/ (loss)                                           | (416,512)        | (6,861,297)      |
| Adjustments for non- cash items:                             | -                | -                |
| Operating profit before working capital changes              | (416,512)        | (6,861,297)      |
| (Increase)/ decrease in accounts receivables and prepayments | (2,327,309)      | 11,785,421       |
| Increase/ (decrease) in accounts payables and accruals       | 3,038,077        | (5,714,840)      |
| Cash from/ (used in) operations                              | 294,256          | (790,716)        |
| Net cash from/ (used in) operating activities                | 294,256          | (790,716)        |
| <b>INVESTING ACTIVITIES</b>                                  |                  |                  |
| Net cash from / (used in) investing activities               | -                | -                |
| <b>FINANCING ACTIVITIES</b>                                  |                  |                  |
| Net cash from/ (used in) financing activities                | -                | -                |
| <b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>    | 294,256          | (790,716)        |
| Cash and cash equivalents at the beginning                   | 50,141           | 840,857          |
| <b>CASH AND CASH EQUIVALENTS AT THE END</b>                  | 344,397          | 50,141           |


Authorised Signatory

**SUBEX MIDDLE EAST (FZE )**

The attached notes 1 to 16 form part of these financial statements.





**SUBEX MIDDLE EAST (FZE )**  
**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 March 2024**

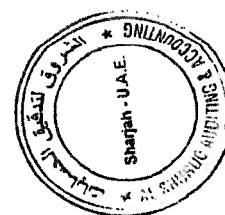
|                          | Share<br>capital | Retained<br>earnings /<br>( losses ) | Total       |
|--------------------------|------------------|--------------------------------------|-------------|
|                          | AED              | AED                                  | AED         |
| Balance at 31 March 2022 | 150,000          | (2,380,726)                          | (2,230,726) |
| Net profit / (loss)      | -                | (6,861,297)                          | (6,861,297) |
| Balance at 31 March 2023 | 150,000          | (9,242,023)                          | (9,092,023) |
| Net profit / (loss)      | -                | (416,512)                            | (416,512)   |
| Balance at 31 March 2024 | 150,000          | (9,658,535)                          | (9,508,535) |


Authorised Signatory

SUBEX MIDDLE EAST (FZE )

The attached notes 1 to 16 form part of these financial statements.





## SUBEX MIDDLE EAST (FZE) NOTES TO FINANCIAL STATEMENTS

### 1. LEGAL STATUS AND ACTIVITIES

Subex Middle East (FZE) is incorporated on 25 March 2015, as a Free Zone Establishment with Limited Liability, with the Sharjah Airport International Free Zone Authority, United Arab Emirates, under Emiri decree no. 2 of 1995.

The Establishment operates under service license no. 15123 wherein the principal activity is providing information technology solutions and related services.

#### The shareholder's interest:

| Name                       | No. of shares | Amount      | Percentage |
|----------------------------|---------------|-------------|------------|
| Subex Assurance LLP, India | 1             | AED 150,000 | 100%       |

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.

Mr. Suraj Balachandran is the Manager of the Establishment.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Enterprises ("IFRS for SMEs") as issued by the International Accounting Standards Board ("IASB") applicable provisions of the UAE Federal Decree Law No. 32 of 2021 on Commercial Companies and the requirements of the implementing rules and regulations applicable to Sharjah Airport International Free Zone Establishments.

#### (b) Accounting convention

The financial statements are prepared under the historical cost convention.

#### (c) Going concern assumption

As at the end of the reporting period, the Establishment had accumulated losses of AED 9,658,535, and there was a deficit of AED 9,508,535 on Owners' equity, and its current liabilities exceeded the current assets by AED 9,508,535. However, these financial statements have been prepared on a going concern basis as the Owners have confirmed their intention to continue with the business operations and have agreed to provide their continuing financial support to enable it meet its payment obligations as and when they fall due.

### CHANGES IN ACCOUNTING POLICIES

The accounting policies are consistent with those used in the previous financial year, except for the below IFRS amendments to the extent applicable.

#### 2.1 New standards, interpretations and amendments effective for the current year

The adoption of the following new standards, interpretations and amendments effective as of January 1, 2024. The Establishment has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Accounting Estimates – Amendment to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

These amendments had no significant impact on the financial statements of the Establishment.

The management believes that the adoption of the above amendments is not likely to have any significant impact on the financial statements of the Entity for future periods.





### **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.

### **Leases**

The entity assesses at the inception of a contract, whether the contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available.
- The Entity has the right to obtain substantially all of the economic benefits from use of the Identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

### ***The entity as lessee:***

The entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

### **Trade receivable**

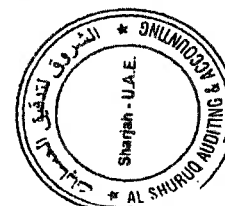
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are stated at net of realizable value after deducting the related provision for doubtful debts at year-end, which is based on Entity's evaluation on the collectibles of each receivable independently considered. Doubtful accounts are written off after the Entity exhausts all collection procedures.

The entity 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.

### **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.

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.

#### **Revenue recognition**

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which it is expected to be entitled in exchange of those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow 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, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The amount disclosed as revenue are inclusive of excise duty and net of return and trade allowance. It is concluded that it is the principal in all its revenue arrangements since it is the primary obligor as it has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met:

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, 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.

#### **Employees' end of service benefits**

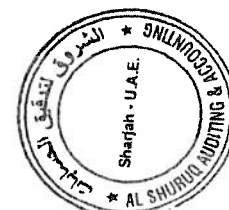
Provision for employee's end of service benefits is calculated in accordance with the UAE Federal Labor Law. The liability is computed assuming that all employees were to leave as at the end of the reporting period. The management is of the opinion that no significant difference would have arisen had 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.

#### **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.

As per the Memorandum of Understanding, in respect of marketing services and sub- contracting service arrangement, the entity shall be insulated from foreign exchange fluctuation risks and any foreign exchange loss or gain incurred or earned by the entity shall be reimbursed or recovered to or from the parent entity.

**Classification, measurement and impairment of financial assets**

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized costs, or fair value through OCI. The classification and measurement requirements of IFRS 9 did not have a significant impact.

The changes in the classification is as follows:

- (i) Trade receivables and other non-current financial assets: these are classified and measured as debt instrument at amortized cost, through statement of profit or loss.
- (ii) Quoted debt instruments (previously classified as Available for sale (AFS): these are classified and measured as Debt Instruments at fair value through OCI.
- (iii) Equity investments in non-listed companies previously classified as AFS financial assets are classified and measured as Equity instruments designated at fair value through OCI.
- (iv) Listed equity investments previously classified as AFS financial assets are classified and measured as financial assets at fair value through profit or loss.

**Impairment of non-financial assets**

An assessment is made at each financial position date to determine whether there is objective evidence that an asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying amount. If any, impairment losses are recognized in the statement of profit or loss and other comprehensive income.

**Contingent liabilities**

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. They may also be present obligations that are unrecognized because the future outflow of resources is not probable or the amount concerned cannot be reliably determined. Contingent liabilities are not recognized in the statement of financial position but are disclosed.

**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.





### 3 ACCOUNTS RECEIVABLE AND PREPAYMENTS

|                                            | 31-Mar-24<br>AED  | 31-Mar-23<br>AED |
|--------------------------------------------|-------------------|------------------|
| Trade receivables                          | 19,650,621        | 13,280,033       |
| Less: Allowance for expected credit losses | (10,470,981)      | (9,406,208)      |
| Trade receivables (net)                    | 9,179,640         | 3,873,825        |
| Prepaid expenses                           | 18,420            | -                |
| Refundable deposits                        | 3,800             | 3,800            |
| Advance to suppliers                       | 12,900            | 135,569          |
| Unbilled revenue (net of provision)        | 1,651,398         | 4,488,256        |
| Due from related parties                   | 1,390,579         | 1,427,978        |
|                                            | <u>12,256,737</u> | <u>9,929,428</u> |

Note 12

|                              | 31-Mar-24<br>Gross | Provision           | 31-Mar-23<br>Gross | Provision          |
|------------------------------|--------------------|---------------------|--------------------|--------------------|
| Ageing of trade receivables: |                    |                     |                    |                    |
| Current, and not past due    | 8,780,898          | -                   | 1,423,998          | -                  |
| Past due, 61 - 90 days       | 430,140            | (31,398)            | 732,209            | -                  |
| Past due, 91 - 180 days      | 539,044            | (539,044)           | 282,703            | -                  |
| Past due, 181 - 365 days     | 418,815            | (418,815)           | 2,146,678          | (1,282,237)        |
| Past due, above 365 days     | 9,481,724          | (9,481,724)         | 8,694,445          | (8,123,971)        |
|                              | <u>19,650,621</u>  | <u>(10,470,981)</u> | <u>13,280,033</u>  | <u>(9,406,208)</u> |

#### Geographical analysis of accounts receivable:

|             |                   |                   |
|-------------|-------------------|-------------------|
| Within UAE  | 10,727,508        | 10,238,981        |
| Outside UAE | 8,923,113         | 3,041,052         |
|             | <u>19,650,621</u> | <u>13,280,033</u> |

#### Movement in allowances for expected credit losses:

|                            |                   |                  |
|----------------------------|-------------------|------------------|
| Beginning balance          | 9,406,208         | 2,811,189        |
| Charge for the year        | 818,644           | 6,072,648        |
| Forex movements unrealised | 246,129           | 522,371          |
|                            | <u>10,470,981</u> | <u>9,406,208</u> |

Note 10

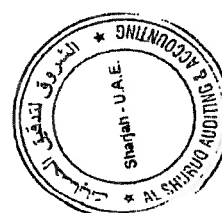
The management considers that all the overdue debts, net of the provision established are fully recoverable.  
The provision for doubtful debts AED 10,470,981 (2023: 9,406,208) is considered adequate.

### 4 CASH AND CASH EQUIVALENTS

|              | 31-Mar-24<br>AED | 31-Mar-23<br>AED |
|--------------|------------------|------------------|
| Cash at bank | 344,397          | 50,141           |

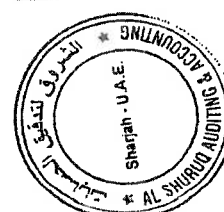
### 5 SHARE CAPITAL

|                                                                     | 31-Mar-24<br>AED | 31-Mar-23<br>AED |
|---------------------------------------------------------------------|------------------|------------------|
| Authorized, issued and fully paid up<br>1 share of AED 150,000 each | 150,000          | 150,000          |





|                                          |         |                    |                    |
|------------------------------------------|---------|--------------------|--------------------|
| <b>6 RETAINED EARNINGS / (LOSSES)</b>    |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Beginning balance                        |         | (9,242,023)        | (2,380,726)        |
| Current year profit/ ( loss )            |         | (416,512)          | (6,861,297)        |
|                                          |         | <u>(9,658,535)</u> | <u>(9,242,023)</u> |
| <b>7 ACCOUNTS PAYABLE AND ACCRUALS</b>   |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Trade creditors                          |         | 515,504            | 2,099              |
| Accrued expenses                         |         | 877,302            | 1,793,627          |
| Due to related parties                   | Note 12 | 17,843,640         | 12,498,848         |
| Unearned revenue                         |         | 491,489            | 3,606,495          |
| Advance from customers                   |         | 1,651,458          | -                  |
| Taxes payable                            |         | 730,276            | 1,170,523          |
|                                          |         | <u>22,109,669</u>  | <u>19,071,592</u>  |
| <b>8 REVENUE</b>                         |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Rendering of services                    |         | <u>17,435,009</u>  | <u>3,527,055</u>   |
| <b>9 DIRECT COSTS</b>                    |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Subcontracting costs                     |         | 16,314,123         | 3,330,727          |
| Purchases                                |         | 157,596            | -                  |
| Sales commission                         |         | 94,758             | -                  |
|                                          |         | <u>16,566,477</u>  | <u>3,330,727</u>   |
| <b>10 ADMINISTRATION EXPENSES</b>        |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Lease and licence                        |         | 21,450             | 22,500             |
| Communications                           |         | 1,095              | 1,095              |
| Legal and professional                   |         | 277,464            | 161,910            |
| Visa and immigration                     |         | 2,410              | -                  |
| Business promotion                       |         | -                  | 34,882             |
| Office expense                           |         | 33,174             | 3,150              |
| Allowance for expected credit losses     | Note 3  | 818,644            | 6,072,648          |
|                                          |         | <u>1,154,237</u>   | <u>6,296,185</u>   |
| <b>11 OTHER INCOME</b>                   |         | <b>31-Mar-24</b>   | <b>31-Mar-23</b>   |
|                                          |         | <b>AED</b>         | <b>AED</b>         |
| Provision written back: Sales Commission |         | -                  | 136,367            |





## 12 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-24<br>AED  | 31-Mar-23<br>AED  |
|----------------------------------------------|--------|-------------------|-------------------|
| <b>Statement of income:</b>                  |        |                   |                   |
| Revenue: Marketing and allied services       | Note 8 | 616,326           | 93,318            |
| Direct costs: Subcontracting                 | Note 9 | 16,314,123        | 3,330,727         |
|                                              |        | <u>16,930,449</u> | <u>3,424,045</u>  |
| <b>Statement of financial position:</b>      |        |                   |                   |
| Receivables: Subex Digital LLP, India        | Note 3 | 937,227           | -                 |
| Receivables: Subex UK Ltd, Middlesex, Harrow | Note 3 | -                 | 24,679            |
| Receivables: Subex Limited, India            | Note 3 | 453,352           | 1,403,299         |
|                                              |        | <u>1,390,579</u>  | <u>1,427,978</u>  |
| Payables: Subex Assurance LLP, India         | Note 7 | 4,193             | -                 |
| Payables: Subex Digital LLP, India           | Note 7 | 2,953,383         | -                 |
| Payables: Subex Limited, India               | Note 7 | 14,763,336        | 12,428,046        |
| Payables: Subex UK Ltd, Middlesex, Harrow    | Note 7 | -                 | 70,715            |
| Payables: Subex Asia Pacific, Singapore      | Note 7 | 122,727           | 87                |
|                                              |        | <u>17,843,640</u> | <u>12,498,848</u> |

## 13 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.

## 14 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprises financial assets and financial liabilities. Financial assets comprises of trade receivables advances, bank balances, etc. Financial liabilities consists of accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values.

## 15 RISK MANAGEMENT

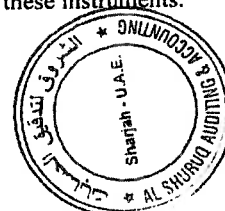
### Interest rate risk

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 from trade receivables situated outside 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.





## 15 RISK MANAGEMENT.....Continued.

### 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 60 to 90 days from the date of purchase.

|                     | 31-Mar-24<br>AED   | 31-Mar-23<br>AED   |
|---------------------|--------------------|--------------------|
| Current assets      | 12,601,134         | 9,979,569          |
| Current liabilities | (22,109,669)       | (19,071,592)       |
| Liquidity risk      | <u>(9,508,535)</u> | <u>(9,092,023)</u> |

The table below summarizes the contractual maturities of financial liabilities:

|                              | 31-Mar-24                 |                         |                            | 31-Mar-23                 |                         |                            |
|------------------------------|---------------------------|-------------------------|----------------------------|---------------------------|-------------------------|----------------------------|
|                              | Carrying<br>amount<br>AED | Within<br>1 year<br>AED | Within<br>2-5 years<br>AED | Carrying<br>amount<br>AED | Within<br>1 year<br>AED | Within<br>2-5 years<br>AED |
| <b>Financial liabilities</b> |                           |                         |                            |                           |                         |                            |
| Trade creditors              | 515,504                   | 515,504                 | -                          | 2,099                     | 2,099                   | -                          |
| Accrued expenses             | 877,302                   | 877,302                 | -                          | 1,793,627                 | 1,793,627               | -                          |
| Due to related parties       | 17,843,640                | 17,843,640              | -                          | 12,498,848                | 12,498,848              | -                          |
| Advance from customers       | 1,651,458                 | 1,651,458               | -                          | -                         | -                       | -                          |
| Taxes payable                | 730,276                   | 730,276                 | -                          | 1,170,523                 | 1,170,523               | -                          |
|                              | <u>21,618,180</u>         | <u>21,618,180</u>       | <u>-</u>                   | <u>15,465,097</u>         | <u>15,465,097</u>       | <u>-</u>                   |

### Currency risk

|                   | 31-Mar-24     | 31-Mar-23     |
|-------------------|---------------|---------------|
| Trade receivables | EUR 2,606,784 | EUR 2,970,966 |
| Trade receivables | MYR 185,721   | MYR 252,562   |

Except the above, there are no other significant exchange risks as substantially all financial assets and financial liabilities are denominated in AED, or USD with which AED rate is pegged.

## 16 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.

These financial statements cover the 12 months period from 1 April to 31 March.


Authorised Signatory

SUBEX MIDDLE EAST (FZE)

