

**BLS INTERNATIONAL FZE
AND ITS SUBSIDIARIES**

Sharjah - United Arab Emirates
Consolidated Financial Statements and
Independent Auditors' Report
For the year ended March 31, 2019

BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates

Consolidated Financial Statements and Independent Auditors' Report
For the year ended March 31, 2019

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Independent Auditors' Report

To

The Shareholder of BLS International FZE and its Subsidiaries

Sharjah - United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **BLS International FZE** (the Parent) and its subsidiaries (together, the Group), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The financial statements of the subsidiaries outside UAE have not been independently audited as at the year end March 31, 2019 with the exception of subsidiaries based in Malaysia and Singapore which have been independently audited. The financial statements have been consolidated on the basis of audited financial statements of subsidiaries based in Malaysia and Singapore and unaudited financial statements of the other subsidiaries based on the management accounts. As auditors of the Parent Establishment, we have not performed additional procedures on the financial statements of these subsidiaries. As of March 31, 2019, the total net worth of these subsidiaries is AED 4,582,118/- and the net loss from operations are AED 3,558,918/-.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Further, as required by the Emiri Decree No. 6 of 1995, we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit.
- (ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995.
- (iii) The Group maintained proper books of accounts.
- (iv) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended March 31, 2019, any of the requirements of Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995, which would materially affect its activities or its financial position as at March 31, 2019.

Dubai
May 10, 2019

Ref: HAMT/BCH/219/381



For HLB HAMT
Chartered Accountants
Signed by Vijay Anand
Partner
[Reg. No. 654]

BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates

Consolidated Statement of Financial Position
As at March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets			
Non-current assets			
Property and equipment	5	10,966,222	8,508,010
Intangible assets	6	10,962,241	5,040,011
Investment in associates	7	13,606,198	13,606,198
Total non-current assets		35,534,661	27,154,219
Current assets			
Accounts and other receivables	9	51,363,115	35,573,300
Other financial assets	10	49,477,346	15,533,875
Cash and cash equivalents	11	28,540,689	45,282,061
Total current assets		129,381,150	96,389,236
Total Assets		164,915,811	123,543,455
Equity and Liabilities			
Equity			
Share capital	1	25,000	25,000
Foreign currency translation reserve	12	(465,962)	(710,943)
Other reserve		(4,205)	-
Retained earnings		149,500,146	114,232,843
Total shareholder's equity		149,054,979	113,546,900
Non-controlling interest		(5,970)	49,249
Total Equity		149,049,009	113,596,149
Non-current liability			
Provision for employees' end of service indemnity	13	780,565	583,221
Total non-current liability		780,565	583,221
Current liabilities			
Accounts and other payables	14	15,086,237	9,364,085
Total current liabilities		15,086,237	9,364,085
Total Liabilities		15,866,802	9,947,306
Total Equity and Liabilities		164,915,811	123,543,455

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

The consolidated financial statements on pages 3 - 43 were approved by the management on May 09, 2019 and signed on its behalf by:

Chief Financial Officer



Director

Handwritten signature of the Director

BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates

Consolidated Statement of Comprehensive Income
For the year ended March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Service revenue	15	361,770,166	325,490,730
Direct expenses	16	(271,043,671)	(243,793,315)
Other income	17	2,226,481	1,454,155
General, selling and administrative expenses	18	(49,555,385)	(42,249,018)
Depreciation and amortization	20	(5,076,956)	(2,670,790)
Impairment of investment in associate	7	-	(2,736,610)
Withholding tax deducted		<u>(1,345,359)</u>	<u>(1,008,789)</u>
Profit from operations		36,975,276	34,486,363
Finance income	21	1,096,669	24,099
Gain on business acquisition	22.2	<u>70,756</u>	<u>268,493</u>
Profit before income tax		38,142,701	34,778,955
Income tax expense		<u>(157,186)</u>	<u>(44,020)</u>
Profit for the year		<u>37,985,515</u>	<u>34,734,935</u>
Attributable to:			
Equity holder		38,033,449	34,733,033
Non-controlling interest		<u>(47,934)</u>	<u>1,902</u>
		<u>37,985,515</u>	<u>34,734,935</u>
Other comprehensive income:			
Items not to be reclassified subsequently to profit or loss:			
Actuarial loss on employees' end of service benefits (Note 13)		<u>(4,572)</u>	-
Other comprehensive loss not to be reclassified to profit/loss		<u>(4,572)</u>	-
Items to be reclassified subsequently to profit or loss:		-	-
Exchange differences on translating foreign operations		<u>238,063</u>	<u>221,395</u>
Other comprehensive income for the year		<u>238,063</u>	<u>221,395</u>
Total comprehensive income for the year		<u>38,219,006</u>	<u>34,956,330</u>
Attributable to:			
Equity holder		38,274,225	34,984,112
Non- controlling interest		<u>(55,219)</u>	<u>(27,782)</u>
		<u>38,219,006</u>	<u>34,956,330</u>

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



**BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates**

**Consolidated Statement of Changes in Equity
For the year ended March 31, 2019
(In Arab Emirates Dirhams)**

	Share capital	Foreign currency translation reserve	Other reserve	Retained earnings	Total shareholder's equity	Non- controlling interest	Total
Balance as at March 31, 2017	25,000	(962,022)	-	82,379,810	81,442,788	77,031	81,519,819
Profit for the year	-	-	-	34,733,033	34,733,033	1,902	34,734,935
Foreign currency translation	-	251,079	-	-	251,079	(29,684)	221,395
Dividend paid	-	-	-	(2,880,000)	(2,880,000)	-	(2,880,000)
Balance as at March 31, 2018	25,000	(710,943)	-	114,232,843	113,546,900	49,249	113,596,149
Profit for the year	-	-	-	38,033,449	38,033,449	(47,934)	37,985,515
Actuarial loss on employees' end of service benefits	-	-	(4,205)	-	(4,205)	(367)	(4,572)
Foreign currency translation	-	244,981	-	-	244,981	(6,918)	238,063
Dividend paid	-	-	-	(2,766,146)	(2,766,146)	-	(2,766,146)
Balance as at March 31, 2019	25,000	(465,962)	(4,205)	149,500,146	149,054,979	(5,970)	149,049,009

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



BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates

Consolidated Statement of Cash Flows
For the year ended March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities			
Profit for the year		37,985,515	34,734,935
Adjustments for:			
Depreciation and amortization	20	5,076,956	2,670,790
Gain on disposal of property and equipment	17	(591,135)	-
Advance written off	18	111,743	-
Finance income	21	(1,096,669)	(24,099)
Bad and doubtful debts	18	2,831,198	1,415,599
Impairment of investment in associate		-	2,736,610
Provision for employees' end of service indemnity	13	305,894	128,473
Operating cash flows before payment of employees' end of service indemnity and changes in working capital		44,623,502	41,662,308
Working capital changes:			
Accounts and other receivables	9	(18,732,756)	(12,567,585)
Accounts and other payables	14	5,722,152	4,125,030
Cash generated from operating activities before payment of employees' end of service indemnity		31,612,898	33,219,753
Payment of employees' end of service indemnity	13	(113,122)	(122,994)
Net cash generated from operating activities		31,499,776	33,096,759
Cash flows from investing activities			
Movements in other financial assets	10	(33,943,471)	(13,382,125)
Additions to property and equipment	5	(5,657,719)	(1,581,567)
Additions to intangible assets	6	(9,695,332)	(2,794,502)
Business acquisition (property and equipment and intangible assets)	5&6	(148,450)	(286,236)
Disposals of property and equipment		2,521,141	-
Movements in investment in associate	7	-	(2,388)
Finance income	21	1,096,669	24,099
Net cash used in investing activities		(45,827,162)	(18,022,719)
Cash flows from financing activities			
Dividend paid		(2,766,146)	(2,880,000)
Net cash used in financing activities		(2,766,146)	(2,880,000)
Net (decrease)/increase in cash and cash equivalents		(17,093,532)	12,194,040
Cash and cash equivalents at the beginning of the year		45,282,061	33,066,099
Effect of exchange rate changes		352,160	21,922
Cash and cash equivalents at the end of the year	11	28,540,689	45,282,061

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



BLS International FZE and its Subsidiaries
Sharjah - United Arab Emirates

Notes to the Financial Statements
For the year ended March 31, 2019

1. Establishment and operations

BLS International FZE (the Parent Establishment) was incorporated and registered with the Hamriyah Free Zone Authority, Sharjah - United Arab Emirates on September 07, 2011, as a Free Zone Establishment, under License No. 8283.

The share capital of the Establishment is AED 25,000/- divided into 1 share of AED 25,000/- each held in the name of BLS International Services Limited, India (the ultimate Parent).

The address of the registered office of the Establishment is ELOB office No. E2-123F-45, P.O. Box 52101, Hamriyah Free Zone, Sharjah - United Arab Emirates.

The principal activity of the Establishment is providing management consultancy services. The Group is mainly providing Visa, Passport renewal and other documentation services to Indian and Spanish embassies in various countries.

BLS International FZE and its subsidiaries (the Group) consist of the following subsidiaries;

<u>Name of Subsidiaries</u>	<u>Legal status</u>	<u>Location</u>	<u>Percentage of Holding</u>	<u>Principal Activities</u>
BLS International Services*	Establishment	U.A.E	100%	Provide services related to visa and passport processing with Indian Embassy / Consulate / Spain MOFA.
BLS International Services Norway AS.	Limited Liability Company	Norway	75%	To serve Indian Embassy in Norway and facilitate in Embassy support services.
BLS International Services Singapore PTE. LTD.	Limited Liability Company	Singapore	100%	Provides services related to passport and visa processing with Indian Embassy/ Consulate/Spain MOFA.
BLS International Services Canada INC.	Company	Canada	100%	Provides services related to passport and consular processing with Indian Embassy/Consulate.
BLS International Services Malaysia SDN BHD	Company	Malaysia	100%	Provides services related to passport and consular processing with Indian Embassy/Consulate.
BLS International Services (UK) Limited	Private Company Limited by shares	England	100%	Providing services related to visa processing with Spain MOFA.
BLS VAS Singapore Pte. Limited	Private Company Limited by shares	Singapore	70%	Provides services related to office administrative and courier services.
BLS International Vize Hizmetleri Limited, Sriketi	Private Company Limited by shares	Turkey	98%	Providing services related to visa processing with Spain MOFA.
Consular Outsourcing BLS Services Inc.	Company	USA	100%	Providing services related to visa processing with Spain MOFA.

*BLS International Services maintains eight additional licenses (three establishments and five branches in U.A.E), for regulating the principal activities of the Establishment.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations

2.1. Standards and interpretations effective in the current year

The Group has adopted the following new and amended IFRS in these consolidated financial statements:

	<u>Effective for annual periods beginning</u>
IFRS 15- Revenue from Contracts with Customers	January 01, 2018
IFRS 9- Financial Instruments (Replacement of IAS 39)	January 01, 2018
IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions	January 01, 2018
IAS 40 (amendments) Transfers of Investment Property	January 01, 2018
Annual Improvements to IFRS Standards 2014 - 2016 Cycle	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and the related interpretations.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The application of IFRS 15 from the annual period beginning April 1, 2018 does not have an impact on the Group's financial statements in respect of revenue from contracts with customers.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement:

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment:

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting:

Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Details of impact of the new requirements of the standard on the consolidated financial statements of the Group are described in Note 3.22.1.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

Since the Group does not have any share-based payments, these amendments do not have any impact on the consolidated financial statements.

IAS 40 (amendments) Transfers of Investment Property

The Group has adopted the amendments to IAS 40 Investment Property for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

These amendments are not relevant for the Group.

Annual Improvements to IFRS Standards 2014 - 2016 Cycle

The Group has adopted Annual Improvements to IFRS Standards 2014-2016 Cycle in the current year :

Amendments to IAS 28, 'Investments in Associates and Joint Ventures- Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.'

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

Annual Improvements to IFRS Standards 2014 - 2016 Cycle (continued)

- (a) the investment entity associate or joint venture is initially recognized;
- (b) the associate or joint venture becomes an investment entity; and
- (c) the investment entity associate or joint venture first becomes a parent.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters:

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose.

These amendments do not have any impact on the Group's consolidated financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

2.2. New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to March 31, 2019 but have not been applied in these consolidated financial statements as their effective dates of adoption are for future periods. The impact of the adoption of the below standards is currently being assessed by the management. It is anticipated that their adoption in the relevant accounting periods will impact only the disclosures within the consolidated financial statements.

IFRS 16 Leases

Annual Improvements to IFRSs 2015-2017 Cycle amending IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing costs.

IFRIC 23 Uncertainty over Income Tax Treatments

Effective for annual periods beginning

January 01, 2019

January 01, 2019

January 01, 2019



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.2. New and revised IFRS in issue but not effective and not early adopted (continued)

	<u>Effective for annual periods beginning</u>
Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation	January 01, 2019
Amendment to IAS 19 Employee Benefits relating to amendment, curtailment or settlement of a defined benefit plan	January 01, 2019
Amendments in IAS 28 Investments in Associates and Joint Ventures relating to long-term interests in associates and joint ventures	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	January 01, 2020
Amendment to IFRS 3 Business Combinations relating to definition of a business	January 01, 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	January 01, 2020
IFRS 17 Insurance Contracts	January 01, 2022
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely deferred

3. Basis of presentation and significant accounting policies

3.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the requirements of Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995.

3.2. Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.



3. Basis of presentation and significant accounting policies (continued)

3.3. Functional and presentation currency

These consolidated financial statements are prepared and the items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). These consolidated financial statements are presented in Arab Emirates Dirhams (AED), which is the Group's functional and presentation currency.

3.4. Business combinations

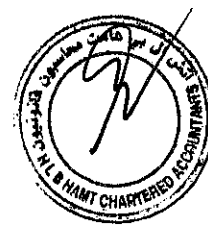
Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at fair value which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payments at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at the fair value or, when applicable, on the basis specified in another IFRS.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, is measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.



3. Basis of presentation and significant accounting policies (continued)

3.4. Business combinations (continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in the consolidated statement of comprehensive income. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to consolidated statement of comprehensive income, where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.5. Basis of consolidation

These consolidated financial statements incorporate the financial statements of **BLS International FZE** (the Parent) and the entities controlled by the Parent. Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent obtains control, and continue to be consolidated until the date when such control ceases. The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- The size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Parent, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at the previous Shareholders' meeting.



3. Basis of presentation and significant accounting policies (continued)

3.5. Basis of consolidation (continued)

When the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of comprehensive income;
- Reclassifies the Parent's share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted at Group level.

3.6. Eliminations on consolidation

Inter-entity transactions, balances, income and expenses from transactions between entities are eliminated. Profits and losses resulting from inter-entity transactions that are recognized in the assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.7. Revenue recognition

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: 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 Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

3. Basis of presentation and significant accounting policies (continued)

3.7. Revenue recognition (continued)

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

Step 5: Recognize revenue as and when the entity satisfies a performance obligation.

The Group recognizes revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognized.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rises to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

3.7.1. Revenue from services

The Group manages the administrative function of the visa and passport applications process for various countries. Revenue comprises of the value of services provided mainly from renewal of passports, processing of visa application and other value added services including courier and SMS services and recognized upon invoicing to the customers. Revenue has been based on the gross invoices made during the year and revenue against such services are recognized at a point in time upon completion and satisfies the performance obligation in line with the terms of contract with customer.

3. Basis of presentation and significant accounting policies (continued)

3.7. Revenue recognition (continued)

3.8. Finance income

Interest income is accrued on a time basis, based on the principal outstanding and at the effective interest rate applicable. Finance income comprises interest income from banks and is recognized as an income in the year in which it is accrued.

3.9. Direct expenses

Direct expenses include direct operating expenses incurred in generating revenue. Expenses that are not immediately attributable to the generating of revenue are not included in the direct expenses. Direct expenses are recognized over the term that the associated revenue is recognized.

3.10. Provision for employees' end of service indemnity

Estimated amounts required to cover employees' end of service indemnity at the date of consolidated statement of financial position are computed pursuant to the Local Labour Laws based on the employees' accumulated period of service and current remuneration at the date of consolidated statement of financial position.

3.11. Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.



3. Basis of presentation and significant accounting policies (continued)

3.11. Investment in associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.12. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is de-recognized.

3.12.1. Software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives which are normally a period of 3 to 6 years.



3. Basis of presentation and significant accounting policies (continued)

3.12. Intangible assets (continued)

3.12.2. Other intangible assets

Other intangible assets represent Key money paid to agents to operate business abroad. These costs are recognized as an asset and amortized on a straight-line basis over a period of 3 years in line with the agreement terms.

3.13. Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Group's policies.

3.14. Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and any identified impairment loss.

Property and equipment are depreciated using straight-line method over the expected useful lives of the assets as under:

Buildings	32 years
Leasehold improvements	10 years
Office equipment	20 - 22 years
Furniture and fixtures	15 - 16 years
Vehicles	10 years

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Maintenance and repairs are charged to expenses as incurred and renewals and improvements, which extend the life of the asset, are capitalized and depreciated over the remaining life of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.



3. Basis of presentation and significant accounting policies (continued)

3.15. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.



3. Basis of presentation and significant accounting policies (continued)

3.16. Foreign currencies

3.16.1. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are recognized in the consolidated statement of comprehensive income. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.17. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into the functional currency at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.18. Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



3. Basis of presentation and significant accounting policies (continued)

3.19. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

3.19.1. Operating lease

(a) The Group as lessee:

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

(b) The Group as lessor:

Lease income from operating lease is recognized on a straight line basis over the term of the relevant lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.20. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.20.1. Financial assets

Classification

From April 01, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI,
- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



3. Basis of presentation and significant accounting policies (continued)

3.20. Financial instruments (continued)

3.20.1. Financial assets (continued)

Management determines the classification of its investment at initial recognition.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income (FVTOCI) are carried at fair value. After initial measurement, the Group present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Financial assets at fair value through profit or loss (FVTPL) are carried at fair value. After initial recognition, the Group present the fair value gains and losses in profit and loss account.

Financial assets at amortized cost subsequently measured at amortized cost using effective interest method less impairment if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

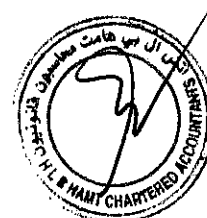
The Group's financial assets include accounts and other receivables (excluding prepayments and advances), other financial assets and cash and cash equivalents.

3.20.2. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial instruments measured at amortized cost or FVTOCI/FVTPL. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of accounts and other receivables (excluding prepayments and advances), other financial assets and cash and cash equivalents.

The Group measures allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVTPL or FVTOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.



3. Basis of presentation and significant accounting policies (continued)

3.20. Financial instruments (continued)

3.20.2. Impairment of financial assets (continued)

The ECL model contains a three-stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls, discounted at the effective interest rate of the financial asset, related to default events either

(i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.

Under Stage 2, where there has been a significant increase in credit risk since initial recognition, but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded.

Under Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For financial assets carried at FVTOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.



3. Basis of presentation and significant accounting policies (continued)

3.20. Financial instruments (continued)

3.20.3. De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.20.4. Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at Fair Value Through profit or Loss (FVTPL). However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is:

- i) contingent consideration of an acquirer in a business combination,
- ii) held for trading, or
- iii) it is designated as at FVTPL



3.20. Financial instruments (continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability. The Group's financial liabilities include accounts and other payables (less advances).

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

3. Basis of presentation and significant accounting policies (continued)

3.20. Financial instruments (continued)

3.20.6. *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.21. Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3.22. Changes in accounting policies

This note explains the impact of the adoption of new standards on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from April 01, 2018, where they are different to those applied in prior periods.



3. Basis of presentation and significant accounting policies (continued)

3.22. Changes in accounting policies (continued)

3.22.1. Impact of adoption of IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from April 01, 2018 resulted in changes in the classification of the financial instruments recognized in the consolidated financial statements for the ended March 31, 2019.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The Group has reclassified certain financial assets and the reclassification and impact of the same has been mentioned below. Line items that were not affected by the changes have not been included.

<u>Financial assets / (liabilities)</u>	<u>Note</u>	<u>Original classification under IAS 39</u>	<u>New classification under IFRS 9</u>	<u>Original carrying amount under IAS 39 AED</u>	<u>New carrying amount under IFRS 9 AED</u>
Accounts and other receivables (less prepayments and advances)	9	Loans and receivables	Amortised cost	32,089,655	32,089,655
Other financial assets	10	Loans and receivables	Amortised cost	15,533,875	15,533,875
Cash and cash equivalents	11	Loans and receivables	Amortised cost	45,282,061	45,282,061
Accounts and other payables (less advances)	14	Other financial liabilities	Amortised cost	7,186,567	7,186,567

4. Significant accounting judgments and key sources of estimation uncertainty

4.1. Significant judgments in applying the accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below):

4.1.1. Contingencies

Contingent assets and liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an inflow or outflow respectively of resources embodying economic benefits is remote.

4. Significant accounting judgments and key sources of estimation uncertainty (continued)

4.1. Significant judgments in applying the accounting policies (continued)

4.1.2. Provision for employees' end of service indemnity

Provision for employees' end of service indemnity is grouped as a non-current liability on the judgment that the employees of the Group will be continued in the future periods irrespective of their visa expiry dates and other employment terms and conditions.

4.1.3. Leases

Accounting for lease arrangements first involves making a determination, at inception of a lease arrangement, whether a lease is classified an operating lease or a finance lease. The Group has entered into leases over buildings. The Group evaluates of the terms and conditions of the arrangements, such as whether the lease term constitutes a major part of the economic life of the assets and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the assets. Considering the significant risks and rewards of ownership of these assets, the Group considers the lease of buildings as operating lease.

4.1.4. Going concern assumption

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

4.1.5. Control over subsidiaries

The Parent follows the guidance of IFRS 10 'Consolidated Financial Statements' in determining whether it controls an entity and this determination requires significant judgment. In making this judgment, the Parent evaluates, among other factors, the power it has over the investee, the rights to variable returns from its involvement with the entity, and the ability to use its power to affect the returns of the entity. The Parent considers all relevant facts and circumstances in assessing whether or not the voting rights in an investee are sufficient to give it power.

4.1.6. Investment in associates

The investor follows the guidance of IAS 28 'Investment in Associates and Joint Ventures' in determining whether it has significant influence over the associates and this determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the power to participate in the financial and operating policy decisions of the associates.



4. Significant accounting judgments and key sources of estimation uncertainty (continued)

4.1. Significant judgments in applying the accounting policies (continued)

4.1.7. Impairment of investment in associates

The Group follows the guidance of IAS 36 to determine when an investment in an associate is impaired, and this determination requires significant judgment. In making this judgment in the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

4.2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of consolidated statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

4.2.1. Property and equipment

Property and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

4.2.2. Intangible assets

Intangible assets are amortized over their estimated useful lives, which is based on expected pattern of consumption of the future economic benefits embodied in the assets.

4.2.3. Allowance for doubtful debts

Management has estimated the recoverability of accounts receivable balances and has considered the allowance required for doubtful debts based on the current economic environment and past default history.

4.2.4. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

BLS International FZE and its Subsidiaries
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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

5. Property and equipment

March 31, 2019

	<u>Capital work in progress</u> <u>AED</u>	<u>Buildings</u> <u>AED</u>	<u>Leasehold improvements</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Furniture and fixtures</u> <u>AED</u>	<u>Vehicles</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost							
As at 31 March 2018	-	3,080,219	1,182,457	4,411,238	3,480,833	383,572	12,538,319
Additions	1,391,755	2,970,760	593,735	374,557	205,560	121,352	5,657,719
Disposals	-	(2,115,525)	-	-	-	(46,900)	(2,162,425)
Business acquisition	-	-	31,069	-	134,253	-	165,322
Exchange rate differences	-	-	(6,925)	(37,459)	(80,983)	(1,703)	(127,070)
As at March 31, 2019	1,391,755	3,935,454	1,800,336	4,748,336	3,739,663	456,321	16,071,865
Accumulated depreciation							
As at 31 March 2018	-	(203,001)	(404,158)	(2,219,414)	(1,072,170)	(131,566)	(4,030,309)
Depreciation for the year	-	(173,398)	(352,890)	(503,655)	(247,550)	(36,778)	(1,314,271)
On disposal	-	199,178	-	-	-	33,241	232,419
Business acquisition	-	-	(3,926)	-	(19,835)	-	(23,761)
Exchange rate differences	-	-	1,111	17,905	10,400	863	30,279
As at March 31, 2019	-	(177,221)	(759,863)	(2,705,164)	(1,329,155)	(134,240)	(5,105,643)
Carrying amount:							
As at March 31, 2019	1,391,755	3,758,233	1,040,473	2,043,172	2,410,508	322,081	10,966,222

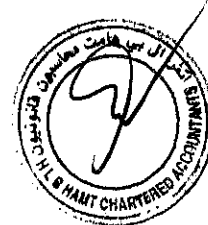
*Capital work in progress amounting to AED 63,636/- refers to the office fit out works for office no.2713 at I-Rise Tower, Barsha Heights, Dubai, UAE and AED 1,328,119/- refer to the construction of office located in UK, 4 - Part Lower Ground floor (south) 6172 Building, Two Minister Court, London E3R 7BB.



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

March 31, 2018

	<u>Capital work in progress</u> <u>AED</u>	<u>Buildings</u> <u>AED</u>	<u>Leasehold improvements</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Furniture and fixtures</u> <u>AED</u>	<u>Vehicles</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost							
As at March 31, 2017	-	2,046,606	1,149,217	4,020,255	2,977,813	326,929	10,520,820
Additions	-	964,694	33,240	316,682	211,951	55,000	1,581,567
Exchange rate differences	-	68,919	-	50,014	68,405	1,643	188,981
Business acquisition	-	-	-	61,679	224,557	-	286,236
Transfers	-	-	-	(37,392)	(1,893)	-	(39,285)
As at March 31, 2018	-	<u>3,080,219</u>	<u>1,182,457</u>	<u>4,411,238</u>	<u>3,480,833</u>	<u>383,572</u>	<u>12,538,319</u>
Accumulated depreciation							
As at March 31, 2017	-	(103,896)	(83,614)	(1,720,763)	(850,456)	(96,651)	(2,855,380)
Depreciation for the year	-	(92,858)	(320,544)	(496,830)	(211,750)	(32,291)	(1,154,273)
Exchange rate differences	-	(6,247)	-	(20,004)	(10,324)	(2,624)	(39,199)
Transfers	-	-	-	18,183	360	-	18,543
As at March 31, 2018	-	<u>(203,001)</u>	<u>(404,158)</u>	<u>(2,219,414)</u>	<u>(1,072,170)</u>	<u>(131,566)</u>	<u>(4,030,309)</u>
Carrying amount:							
As at March 31, 2018	-	<u>2,877,218</u>	<u>778,299</u>	<u>2,191,824</u>	<u>2,408,663</u>	<u>252,006</u>	<u>8,508,010</u>



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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

6. Intangible assets

	<u>Software</u> <u>AED</u>	<u>Other intangible</u> <u>assets*</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost			
As at March 31, 2017	9,426,363	-	9,426,363
Additions	31,305	2,763,197	2,794,502
Exchange rate differences	<u>94,139</u>	<u>-</u>	<u>94,139</u>
As at March 31, 2018	9,551,807	2,763,197	12,315,004
Additions	7,478,771	2,216,561	9,695,332
Business acquisition	-	7,145	7,145
Exchange rate differences	<u>(54,501)</u>	<u>(1,203)</u>	<u>(55,704)</u>
As at March 31, 2019	<u>16,976,077</u>	<u>4,985,700</u>	<u>21,961,777</u>
Amortization			
As at March 31, 2017	(5,714,028)	-	(5,714,028)
Amortization for the year	(1,516,517)	-	(1,516,517)
Exchange rate differences	<u>(44,448)</u>	<u>-</u>	<u>(44,448)</u>
As at March 31, 2018	(7,274,993)	-	(7,274,993)
Amortization for the year	(1,338,772)	(2,423,913)	(3,762,685)
Business acquisition	-	(256)	(256)
Exchange rate differences	<u>38,329</u>	<u>69</u>	<u>38,398</u>
As at March 31, 2019	<u>(8,575,436)</u>	<u>(2,424,100)</u>	<u>(10,999,536)</u>
Carrying amount:			
As at March 31, 2019	<u>8,400,641</u>	<u>2,561,600</u>	<u>10,962,241</u>
As at March 31, 2018	<u>2,276,814</u>	<u>2,763,197</u>	<u>5,040,011</u>

*This includes AED 4,979,758/- representing key money paid to the M/s White Rhinos, the Group's agent in Russia to operate an entity to provide VISA services.

7. Investment in associates

The Group's investment in associate consists of the following entities:

<u>Name</u>	<u>Country of</u> <u>Incorporation</u>	<u>Ownership</u> <u>Interest</u>		<u>Carrying amount</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		<u>%</u>	<u>%</u>	<u>AED</u>	<u>AED</u>
DSS Gulf Realtors Ltd, Dubai	UAE	50	50	13,603,810	13,603,810
BLS E-Services (Bangladesh) Limited	Bangladesh	49	49	<u>2,388</u>	<u>2,388</u>
Total				<u>13,606,198</u>	<u>13,606,198</u>



7. Investment in associates (continued)

Movements

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
Cost		
Balance at the beginning of the year	13,606,198	16,340,420
Additions	<u>-</u>	<u>2,388</u>
	13,606,198	16,342,808
Impairment	<u>-</u>	<u>-</u>
Charge during the year	<u>-</u>	<u>(2,736,610)</u>
Balance at the end of the year	<u>13,606,198</u>	<u>13,606,198</u>

8. Related party transactions

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
8.1 Due from related parties	<u>14,804,804</u>	<u>13,102,041</u>

Presented in the consolidated statement of financial position as:

Accounts and other receivables (Note 9)	<u>14,804,804</u>	<u>13,102,041</u>
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	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
8.2 Due to related parties	<u>552,536</u>	<u>385,030</u>

Presented in the consolidated statement of financial position as:

Accounts and other payables (Note 14)	<u>552,536</u>	<u>385,030</u>
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The Group enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The shareholder and the management decide on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges.

During the year, the Group entered into the following transactions with related parties:

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
Consultancy expenses	<u>10,679,035</u>	<u>5,439,978</u>

Notes to the Financial Statements (continued)
For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Receivable from customers	28,911,822	13,689,945
Due from related parties (Note 8.1)	<u>14,804,804</u>	<u>13,102,041</u>
	43,716,626	26,791,986
Less: Allowance for doubtful debts	<u>-</u>	<u>(313,371)</u>
	43,716,626	26,478,615
Advances	121,372	2,700,087
Deposits	2,038,888	1,874,121
Prepayments	1,108,387	783,558
Other receivables	<u>4,377,842</u>	<u>3,736,919</u>
	<u>51,363,115</u>	<u>35,573,300</u>

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Not past due	9,735,750	6,748,926
Past due but not impaired:		
<i>Less than 180 days</i>	17,519,294	2,676,515
<i>More than 180 days</i>	1,656,778	3,951,133
Past due and impaired	<u>-</u>	<u>313,371</u>
	<u>28,911,822</u>	<u>13,689,945</u>

Accounts receivable disclosed above include amounts (see above for aged analysis) that are past due at the end of the reporting period for which the Group has not recognized the allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

	2019	2018
	AED	AED
Balance at the beginning of the year	313,371	-
Impairment losses during the year	2,831,198	1,415,599
Written off during the year	(3,144,569)	(1,102,228)
	-	313,371

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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

10. Other financial assets

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Term deposits	49,303,346	15,356,875
Margin deposits	<u>174,000</u>	<u>177,000</u>
	<u>49,477,346</u>	<u>15,533,875</u>

11. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Cash in hand	734,944	681,659
Cash in transit	-	53,233
Bank balance:		
In current accounts	23,843,827	44,547,169
In fixed deposits	<u>3,961,918</u>	<u>-</u>
	<u>28,540,689</u>	<u>45,282,061</u>

12. Foreign currency translation reserve

Non- monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

13. Provision for employees' end of service indemnity

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Opening balance	583,221	577,742
Charge for the year	305,894	128,473
Actuarial loss	4,572	-
Payments during the year	<u>(113,122)</u>	<u>(122,994)</u>
	<u>780,565</u>	<u>583,221</u>



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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

14. Accounts and other payables

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Payable to suppliers	9,194,154	2,840,981
Due to related parties (Note 8.2)	<u>552,536</u>	<u>385,030</u>
	9,746,690	3,226,011
Accrued expenses	1,257,544	1,868,639
Advance from customers	-	2,177,518
Tax payable	2,375,990	750,261
Other payables	590,996	467,979
Staff payables	<u>1,115,017</u>	<u>873,677</u>
	<u>15,086,237</u>	<u>9,364,085</u>

15. Revenue

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Service charges*	361,688,287	325,285,294
Other revenues	<u>81,879</u>	<u>205,436</u>
	<u>361,770,166</u>	<u>325,490,730</u>

*Service charges represent gross invoicing made to the customers for visa and passport processing services.

16. Direct expenses

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Visa and supporting processing charges	270,456,651	243,388,125
Other expenses	<u>587,020</u>	<u>405,190</u>
	<u>271,043,671</u>	<u>243,793,315</u>

17. Other income

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Gain on disposal of property and equipment	591,135	-
Exchange rate gain	-	132,949
Miscellaneous	<u>1,635,346</u>	<u>1,321,206</u>
	<u>2,226,481</u>	<u>1,454,155</u>



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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

18. General, selling and administrative expenses

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Staff cost (Note 19)	23,370,223	20,431,715
Rent	5,022,785	4,567,500
License and professional	10,671,702	8,707,121
Business promotion	260,153	301,885
Bad and doubtful debts	2,831,198	1,415,599
Bank charges	382,541	119,159
Commission paid	294,545	102,395
Computer expenses	60,560	64,283
Printing and stationery	410,671	325,660
Advance written off	111,743	-
Repairs and maintenance	702,711	627,671
Office expenses	484,087	462,514
Security	379,925	406,207
Software expenses	355,259	487,625
Communication	1,288,914	1,129,652
Transport and freight	357,580	56,559
Travelling	996,149	1,936,894
Motor vehicle expenses	140,306	122,623
Insurance	115,117	80,453
Exchange rate loss	581,064	-
Utilities	330,534	227,065
Other expenses	407,618	676,438
	<u>49,555,385</u>	<u>42,249,018</u>

19. Staff cost

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	20,557,946	18,025,216
Staff benefits	648,129	833,675
Others	2,164,148	1,572,824
	<u>23,370,223</u>	<u>20,431,715</u>

20. Depreciation and amortization

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Depreciation (Note 5)	1,314,271	1,154,273
Amorization (Note 6)	3,762,685	1,516,517
	<u>5,076,956</u>	<u>2,670,790</u>



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21. Finance income

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Interest received on fixed deposits	1,095,108	16,818
Other interest	<u>1,561</u>	<u>7,281</u>
	<u>1,096,669</u>	<u>24,099</u>

22. Acquisition of subsidiary

On November 06, 2018, The Group acquired 98% ownership interest in BLS International Vize Hizmetleri Limited Sirketi, Turkey.

BLS International Vize Hizmetleri Limited Sirketi is a private company limited by shares incorporated with the Istanbul Chamber of Commerce under Registration No. 79604-5 on April 12, 2017. The principal activity of the Company is providing services related to visa processing to Spain MOFA.

On July 01, 2017, The Group acquired 100% ownership interest in BLS International Services (UK) Limited, England and Wales.

BLS International Services (UK) Limited is a private company limited by shares incorporated with the Registrar of Companies for England and Wales under Registration No. 10409072 on October 04, 2016. The principal activity of the Company is providing services related to visa processing with Spain MOFA.

22.1. Assets acquired and liabilities recognized at the date of acquisition

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Assets		
Non-current assets	133,673	286,230
Current assets	<u>264,246</u>	<u>1,025,747</u>
	397,919	1,311,977
Liabilities		
Non-current liabilities	(24,240)	-
Current liabilities	<u>(251,935)</u>	<u>(1,043,484)</u>
	<u>(276,175)</u>	<u>(1,043,484)</u>
Net assets acquired	<u>(121,744)</u>	<u>268,493</u>
22.2 Gain on business acquisition		
Net consideration transferred	50,988	-
Less: Fair value of identifiable net assets acquired	<u>(121,744)</u>	<u>268,493</u>
	<u>(70,756)</u>	<u>268,493</u>



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23. Contingent liability

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Labour guarantee	<u>174,000</u>	<u>177,000</u>

Labour guarantee represents the guarantee issued to Ministry of Labour for getting UAE work permit.

24. Operating lease commitments

24.1. Group as lessee:

At the date of consolidated statement of financial position, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Within 1 year	<u>107,000</u>	<u>106,550</u>

The Group does not have the option to purchase the leased premises at expiry of the lease period but the lease can be renewed upon mutual agreements of both parties.

25. Capital commitments

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Capital commitments against interior fit-outs: (Note 5)	<u>375,273</u>	<u>-</u>

26. Financial instruments and risk management

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the consolidated financial statements.

Categories of financial instruments

	<u>2019</u>
	<u>AED</u>
Financial assets	
<i>Measured at amortised cost:</i>	
Cash and cash equivalents	28,540,689
Accounts and other receivables (less prepayments and advances)	50,133,356
Other financial assets	<u>49,477,346</u>
	<u>128,151,391</u>
Financial liabilities	
<i>Measured at amortised cost:</i>	
Accounts and other payables (less advances)	<u>15,086,237</u>



26. Financial instruments and risk management (continued)

Categories of financial instruments (continued)

	<u>2018</u>
	<u>AED</u>
Financial assets	
Cash and cash equivalents	45,282,061
Loans and receivables (less prepayments and advances)	<u>47,623,530</u>
	<u>92,905,591</u>
Financial liabilities	
Other financial liabilities (less advances)	<u>7,186,567</u>

26.1. Capital risk management

The capital is being managed by the Group in such a way that it is able to continue as a going concern while maximizing returns to investor. The Group's overall strategy remains unchanged from previous year.

The capital structure of the Group consists of equity of the Group (comprising of share capital and retained earnings).

As risk management policy, the Group reviews its cost of capital and risks associated with each class of capital. The Group balances its capital structure based on the above review.

26.2. Credit risk management

Credit risk in relation to the Group refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are accounts and other receivables, bank balances and other financial assets (liquid assets). The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the Central Bank.

Accounts receivables, balances with banks and other financial assets are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value.



26. Financial instruments and risk management (continued)

26.3. Currency risk exposure

The Group's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on USD as the UAE Dirham is pegged to the USD.

26.4. Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group manages the liquidity risk through risk management framework for the Group's short, medium and long term funding and liquidity requirements by maintaining adequate reserves and sufficient cash and cash equivalents to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Group's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	<u>Within 1 year</u>
As at March 31, 2019	AED
Other financial liabilities	<u>15,086,237</u>
 As at March 31, 2018	
Other financial liabilities (less advances)	<u>7,186,567</u>

27. Segment information

Operating segment:

The Group operates in the following segments: providing services related to visa and passport processing with Indian Embassy/Consulate and running travel agency, tour operations (mainly outbound) and management consultancy services.

	<u>2019</u>	<u>2018</u>
Segment of revenue	AED	AED
Middle East	194,023,133	183,375,662
Asia Pacific	149,432,297	136,396,261
Europe	<u>18,314,736</u>	<u>5,718,807</u>

Geographical segment:

The Group operates in the following geographical segments: Middle East, Asia Pacific and Europe.



28. Fair value of financial instruments

The fair values of financial instruments approximate their carrying values except as otherwise disclosed in these consolidated financial statements.

29. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.

