Independent Auditor's Report

To the Members of Quick Heal Technologies Africa Limited

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone financial statements of Quick Heal Technologies Africa Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account requirements of Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

A T S & CO
FRN 145602W
Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to me, the aforesaid standalone financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended.

For A T S & CO
Chartered Accountants
Firm's Registration No: 145602W

SMilani

Shweta Milani
Partner
Membership No. 169376

Date: 10 MAY 2018
Place: Pune

A T S & CO ★ FRN 145602W ★ Chartered Accountants

Quick Heal Technologies Africa Limited
Balance sheet as at 31 March 2018
(Amounts in KSH unless otherwise stated)

	Particulars	Notes	As at	
			31 March 2018	**31 March 2017**
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3	52,162	506,177
			52,162	**506,177**
(2)	**Current assets**			
	(a) Inventories	4	-	3,845,785
	(b) Financial assets			
	(i) Trade receivables	5	15,522,632	39,995,637
	(ii) Cash and cash equivalents	6	33,829,504	40,601,204
	(iii) Loans	7	20,000	470,000
	(c) Other current assets	8	5,955,837	635,994
			55,327,973	**85,548,620**
	Total assets		**55,380,135**	**86,054,797**
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity share capital	9	113,675,000	113,675,000
	(b) Other equity	10	(59,628,050)	(36,072,310)
			54,046,950	**77,602,690**
	Liabilities			
(1)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade and other payables	11	1,320,685	8,405,204
	(b) Other current liabilities	12	12,500	46,903
			1,333,185	**8,452,107**
	Total equity and liabilities		**55,380,135**	**86,054,797**
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date
For A T S & CO
Chartered Accountants
FRN 145602W

A T S & CO FRN 145602W Chartered Accountants

Shlani

Shweta Milani
Partner
Membership Number: 169376
Place: Pune
Date: 10 MAY 2018

For and on behalf of the Board of directors
Quick Heal Technologies Africa Limited

Kailash Katkar
Director
DIN: 00397191
Place: Pune
Date: 10 MAY 2018

Quick Heal Technologies Africa Limited

Statement of profit and loss for the period ended 31 March 2018

(Amounts in KSH unless otherwise stated)

	Particulars	Notes	Year ended	
			31 March 2018	31 March 2017
(I)	Revenue from operations	13	2,161,878	21,177,770
(II)	Other income	14	650,001	3,669,377
(III)	**Total income**		**2,811,879**	**24,847,147**
(IV)	**Expenses**			
	Cost of materials consumed	15	2,262,458	2,120,064
	Purchase of stock-in-trade	16	3,068,521	22,001,405
	Changes in inventories of stock-in-trade	17	1,583,327	5,772,655
	Employee benefits expense	18	3,173,925	3,349,343
	Depreciation expense	3	152,799	265,992
	Other expenses	19	16,126,589	8,609,803
	Total expenses		**26,367,619**	**42,119,262**
(V)	Loss before exceptional items and tax (I- IV)		(23,555,740)	(17,272,115)
(VI)	Exceptional items		-	-
(VII)	Loss before tax (V-VI)		(23,555,740)	(17,272,115)
(VIII)	Less : Tax expense			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
(IX)	**Loss for the period from operations (VII-VIII)**		**(23,555,740)**	**(17,272,115)**
(X)	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss (net of tax)		-	-
	Items that will be reclassified to profit or loss (net of tax)		-	-
	Total other comprehensive income (net of tax)		-	-
(XI)	**Total comprehensive income for the period (IX+X) (Comprising loss and other comprehensive income for the period)**		**(23,555,740)**	**(17,272,115)**
(XII)	Loss per equity share (for continuing and discontinued operation): [nominal value of share KSH 10 each]	20		
	(1) Basic		(2.07)	(3.25)
	(2) Diluted		(2.07)	(3.25)
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

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For A T S & CO
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Shweta Milani
Partner
Membership Number: 169376
Place: Pune
Date: 10 MAY 2018

For and on behalf of the Board of directors
Quick Heal Technologies Africa Limited

Kailash Katkar
Director
DIN: 00397191
Place: Pune
Date: 10 MAY 2018

Quick Heal Technologies Africa Limited
Cash flow statement for the period ended 31 March 2018
(Amounts in KSH unless otherwise stated)

Particulars	Year ended	
	31 March 2018	31 March 2017
A. Cash flow from operating activities		
Profit before tax for the period	(23,555,740)	(17,272,115)
Adjustments to reconcile profit for the year to net cash generated from operating activities:		
Depreciation expense	152,799	265,992
Loss / (Gain) on sale of property, plant and equipment	253,719	(17,349)
Operating profit before working capital changes	**(23,149,222)**	**(17,023,472)**
Changes in operating assets and liabilities		
(Increase) / decrease in loans	450,000	-
(Increase) / decrease in inventories	3,845,785	7,443,869
(Increase) / decrease in trade receivables	24,473,005	(3,072,471)
(Increase) / decrease in other current assets	(5,319,843)	(614,973)
Increase / (decrease) in trade and other payables	(7,084,519)	(46,624,365)
Increase / (decrease) in other current liabilities	(34,403)	(38,753)
Cash generated from operating activities	**(6,819,197)**	**(59,930,165)**
Income tax paid	-	-
Net cash generated from operating activities (A)	**(6,819,197)**	**(59,930,165)**
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(278,527)
Sale of fixed asset property, plant and equipment	47,497	-
Net cash generated from / (used in) investing activities (B)	**47,497**	**(278,527)**
Cash flows from financing activities		
Proceeds from issue of equity share capital		95,875,000
Net cash generated from / (used in) financing activities (C)	-	**95,875,000**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(6,771,700)**	**35,666,308**
Cash and cash equivalents at the beginning of the period	40,601,204	4,934,896
Cash and cash equivalents at the end of the period	**33,829,504**	**40,601,204**
Components of cash and cash equivalents		
Balances with banks		
On current account	33,829,504	40,582,160
Cash on hand	-	19,044
Total cash and cash equivalents	**33,829,504**	**40,601,204**
Summary of significant accounting policies - Refer note 2		

The accompanying notes are an integral part of these financial statements

As per our report of even date
For A T S & CO
Chartered Accountants
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Shweta Milani
Partner
Membership Number: 169376
Place: Pune
Date: 10 MAY 2018

For and on behalf of the Board of directors
Quick Heal Technologies Africa Limited

Kailash Katkar
Director
DIN: 00397191
Place: Pune
Date: 10 MAY 2018

Quick Heal Technologies Africa Limited

Statement of changes in equity for the period ended 31 March 2018

(Amounts in KSH unless otherwise stated)

A. Equity share capital

Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
17,800,000	95,875,000	113,675,000

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
113,675,000	-	113,675,000

B. Other equity

Particulars	Reserves and surplus	Total
	Retained earnings	
Balance as at 1 April 2016	**(18,800,195)**	**(18,800,195)**
Loss for the year	(17,272,115)	(17,272,115)
Balance as at 31 March 2017	**(36,072,310)**	**(36,072,310)**
Balance as at 1 April 2017	**(36,072,310)**	**(36,072,310)**
Loss for the year	(23,555,740)	(23,555,740)
Balance as at 31 March 2018	**(59,628,050)**	**(59,628,050)**

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1 Company overview

1.1 General information

Quick Heal Technologies Africa Limited ("the Company") is a limited liability incorporated in December 2011. The Company is engaged in the business of trading in antivirus software.

The postal number of Quick Heal Technologies Africa Limited is 38606, Nairobi, Kenya.

The finnacial statements are authorised for issue by the board of directors on 10 May 2018.

1.2 Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

1.3 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2 Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the end of period / year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of property, plant and equipment that are not ready to be put to use.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period / year during which such expenses are incurred.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

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(c) Depreciation

Depreciation on property, plant and equipment is provided using the Written Down Value Method ('WDV') over the useful lives of the assets estimated by the management.

The management estimates the useful lives for the property, plant and equipment as follows:

Assets	Useful lives (Years)
Computers	3
Motor vehicles	8
Furniture, fixtures and equipments	10

(d) Impairment of property, plant and equipment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its 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 risks specific to the asset.

(e) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified as:

- Financial assets at amortized cost

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

- Financial assets at fair value through profit or loss (FVTPL)

Any financial asset which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

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ii) Financial liabilities
Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- Financial liabilities at amortized cost

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

iii) Impairment
Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

(f) Foreign currency translation

The Company presents the financial statements in Kenyan Shillings (KSH) which is also the functional currency.

Initial recognition

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

Exchange differences

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities are recognized as income or expenses in the year in which they arise.

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(g) Revenue recognition

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

Sale of internet security products

Revenue from sales of internet security products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers.

(h) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the

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(j) Leases

Where the Company is lessee

Operating lease:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the statement of profit and loss on a straight line basis.

(k) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences (which cannot be carried forward) such as paid annual leave, overseas social security contributions and performance incentives.

(l) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(m) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Cash & cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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(p) Standards issued but not yet effective

Ind AS 115 is effective for annual periods beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the requirements of Ind AS 115 and does not expect the new guidance to have significant impact on the financial statements.

i) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 is effective for annual periods beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has evaluated the requirements of Ind AS 115 and there are no significant impact on the financial statements.

ii) Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
As the Company has not included in disposal group/classified as held for sale any of its subsidiary, joint ventures or associate. Accordingly, the amendments in Ind AS 112 will not have any impact on the Company.

iii) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.
Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.
These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

iv) Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.
Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.
The amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

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v) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.
Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:
(i) The beginning of the reporting period in which the entity first applies the Appendix, or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.
The Appendix is effective for annual periods beginning on or after April 1, 2018. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

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Note 13: Revenue from operations

Particulars	Year ended	
	31 March 2018	31 March 2017
Sale of products		
Sale of traded goods (internet security software licenses)	2,161,878	21,177,770
Total	**2,161,878**	**21,177,770**

Note 14: Other income

Particulars	Year ended	
	31 March 2018	31 March 2017
Amounts written back	-	3,652,028
Profit on sale of assets	-	17,349
Miscellaneous income	650,001	-
Total	**650,001**	**3,669,377**

Note 15: Cost of materials consumed

Particulars	Year ended	
	31 March 2018	31 March 2017
Inventory at the beginning of the year	2,262,458	3,933,672
Add: Purchases	-	448,850
Less: Inventory as at end of the year	-	2,262,458
Total	**2,262,458**	**2,120,064**

Note 16: Purchase of stock-in-trade

Particulars	Year ended	
	31 March 2018	31 March 2017
Security software products	3,068,521	22,001,405
Total	**3,068,521**	**22,001,405**

Note 17: Changes in inventories of stock-in-trade

Particulars	Year ended	
	31 March 2018	31 March 2017
Inventories at the end of the period	-	1,583,327
Inventories at the beginning of the period	1,583,327	7,355,982
Total	**1,583,327**	**5,772,655**

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Quick Heal Technologies Africa Limited

Notes to the financial statements for the year ended 31 March 2018

(Amounts in KSH unless otherwise stated)

Note 18: Employee benefits expense

Particulars	Year ended	
	31 March 2018	31 March 2017
Salaries	3,140,155	3,292,080
Staff welfare expenses	33,770	57,263
Total	**3,173,925**	**3,349,343**

Note 19: Other expenses

Particulars	Year ended	
	31 March 2018	31 March 2017
Rent	1,360,800	1,764,000
Business promotion expenses	419,762	19,280
Transportation and octroi	75,400	-
Printing and stationery	7,818	61,227
Payment to statutory auditor	575,000	906,500
Communication costs	183,603	232,762
Power and fuel	28,296	27,860
Legal and professional fees	530,967	2,308,794
Travelling and conveyance	18,584	155,724
Bank charges	88,436	116,873
Rates and taxes	160,667	439,543
Vehicle expenses	145,000	150,264
Amounts written off	6,353,287	-
Foreign exchange loss	155,010	2,279,225
Postage and courier	66,453	102,228
Provision for doubtful debts	4,071,297	-
Commission	1,588,175	-
Loss on sale of asset	253,719	-
Miscellaneous expenses	44,315	45,523
Total	**16,126,589**	**8,609,803**

Payment to statutory auditor

Particulars	Year ended	
	31 March 2018	31 March 2017
As auditor		
- Audit fees	575,000	906,500
- Other services	-	-
- Reimbursement of expenses	-	-
Total	**575,000**	**906,500**

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Note 20: Loss per share

Particulars	Year ended	
	31 March 2018	31 March 2017
Numerator for basic and diluted EPS		
Net loss after tax (In KSH) **(A)**	(23,555,740)	(17,272,115)
Denominator for basic and diluted EPS		
Weighted average number of equity shares (In numbers) **(B)**	11,367,500	7,091,658
Basic and diluted loss per share of face value of KSH 10 each **(A / B)**	(2.07)	(2.44)

Note 21: Related party disclosures

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

The Company is controlled by Quick Heal Technologies Limited (the holding company) which owns 100% of the Company's shares.

Name of the related party	Relationship
Quick Heal Technologies Limited	Holding Company

(II) Transactions during the period and balances outstanding with related parties:

Name of the related party	Year ended	
	31 March 2018	31 March 2017
Transactions during the year		
Quick Heal Technologies Limited		
- Purchase of internet security software licenses	3,068,521.00	21,168,150
Balances - receivable/ (payable) at the period		
Quick Heal Technologies Limited		
- Outstanding balances arising from purchase of goods	-	(7,036,464)
- Advance received		-

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Notes to the financial statements for the year ended 31 March 2018
(Amounts in KSH unless otherwise stated)

Note 22: Income taxes

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred tax asset in respect of losses amounting to KSH 70,66,722 (31 March 2017: KSH 51,81,634) that can be carried forward against future taxable income since it is not probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Particulars	Year ended	
	31 March 2018	31 March 2017
Income tax expense reported in the statement of profit and loss and statement of comprehensive income		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

Reconciliation of effective tax rate

Particulars	Year ended	
	31 March 2018	31 March 2017
Accounting profit/(loss) before tax from continuing operations	(23,555,740)	(17,272,115)
Tax @ 30%	7,066,722	5,181,634
Deferred tax asset not recognised		
Current year losses	(7,066,722)	(5,181,634)
Income tax expense	-	-

Note 23: Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. 'Trading in antivirus software'.

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Notes to the financial statements for the year ended 31 March 2018

(Amounts in KSH unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	Computers	Motor vehicles	Furniture, fixtures and equipments	Total
Gross block				
As at 1 April 2016	141,335	396,010	78,590	615,935
Additions during the period	79,400	-	239,129	318,529
Disposals during the period	(39,800)	-	-	(39,800)
As at 31 March 2017	**180,935**	**396,010**	**317,719**	**894,664**
As at 1 April 2017	180,935	396,010	317,719	894,664
Additions during the period	-	-	-	-
Disposals during the period	(147,735)	(396,010)	(189,597.00)	(733,342)
As at 31 March 2018	**33,200**	-	**128,122**	**161,322**
Accumulated depreciation				
As at 1 April 2016	34,011	99,045	6,586	139,642
Charge for the period	93,363	92,741	79,888	265,992
Depreciation on deletions	(17,147)	-	-	(17,147)
As at 31 March 2017	**110,227**	**191,786**	**86,474**	**388,487**
As at 1 April 2017	110,227	191,786	86,474	388,487
Charge for the period	37,965	48,053	66,781	152,799
Depreciation on deletions	(117,587)	(239,839.00)	(74,700.00)	(432,126)
As at 31 March 2018	**30,605**	-	**78,555**	**109,160**
Net block				
As at 31 March 2018	**2,595**	-	**49,567**	**52,162**
As at 31 March 2017	**70,708**	**204,224**	**231,245**	**506,177**

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Notes to the financial statements for the year ended 31 March 2018

(Amounts in KSH unless otherwise stated)

Note 4: Inventories

Particulars	As at	
	31 March 2018	31 March 2017
Raw material - Packing material	-	2,262,458
Finished goods - Internet security software	-	1,583,327
Total	**-**	**3,845,785**

Note 5: Trade receivables

Particulars	As at	
	31 March 2018	31 March 2017
Unsecured, considered good	15,522,632	39,995,637
Total	**15,522,632**	**39,995,637**

Note: No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 6: Cash and cash equivalents

Particulars	As at	
	31 March 2018	31 March 2017
Balances with banks:		
On current account	33,829,504	40,582,160
Cash on hand	-	19,044
Total	**33,829,504**	**40,601,204**

Note 7: Loans

Particulars	As at	
	31 March 2018	31 March 2017
Unsecured, considered good		
Security deposits	20,000	470,000
Total	**20,000**	**470,000**

Note 8: Other current assets

Particulars	As at	
	31 March 2018	31 March 2017
Prepaid expenses	-	158,012
Advance to suppliers	-	20,000
Input tax credit (VAT)	-	457,982
Other	5,570,819	-
Balances with customs and excise authorities	385,018	-
Total	**5,955,837**	**635,994**

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Notes to the financial statements for the year ended 31 March 2018

(Amounts in KSH unless otherwise stated)

Note 10: Other equity

Particulars	As at	
	31 March 2018	31 March 2017
Retained earnings		
At the beginning of the year	(36,072,310)	(18,800,195)
Add : Loss for the year	(23,555,740)	(17,272,115)
At the end of the year	**(59,628,050)**	**(36,072,310)**
Total	**(59,628,050)**	**(36,072,310)**

Note 11: Trade and other payables

Particulars	As at	
	31 March 2018	31 March 2017
Trade and other payables	1,320,685	8,405,204
Total	**1,320,685**	**8,405,204**

Note 12: Other current liabilities

Particulars	As at	
	31 March 2018	31 March 2017
TDS payable	12,500	46,903
Total	**12,500**	**46,903**

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Quick Heal Technologies Africa Limited

Notes to the financial statements for the year ended 31 March 2018

(Amounts in KSH unless otherwise stated)

Note 9: Equity share capital

Particulars	As at	
	31 March 2018	31 March 2017
Authorised shares		
1,25,00,000 (31 March 2017: 1,25,00,000) Equity shares of KSH 10 each	125,000,000	125,000,000
	125,000,000	**125,000,000**
Issued, subscribed and fully paid-up share capital		
11,367,500 (31 March 2017: 11,367,500) Equity shares of KSH 10 each fully paid	**113,675,000**	**113,675,000**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Particulars	As at			
	31 March 2018		31 March 2017	
	No.	(KSH)	No.	(KSH)
At the beginning of the year				
- Equity shares	11,367,500	113,675,000	1,780,000	17,800,000
Issued during the year				
- Equity shares	-	-	9,587,500	95,875,000
At the end of the year	**11,367,500**	**113,675,000**	**11,367,500**	**113,675,000**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of KSH 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in KSH. The dividend proposed by Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting. During the year ended 31 March 2018 the amount per share dividend recognised as distribution to equity shareholders was Nil (31 March 2017 : Nil)

In the event of liquidation of the Incorporation , the holders of ordinary equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries/ associates

Particulars	As at	
	31 March 2018	31 March 2017
	Number	Number
Quick Heal Technologies Limited. the holding company	11,367,500	11,367,500
1,13,67,500 (31 March 2017: 1,13,67,500) equity shares of KSH 10 each fully paid		

(d) Details of shareholders holding more than 5% shares in the Company

Particulars	As at			
	31 March 2018		31 March 2017	
	Number	% holding	Number	% holding
Equity shares of KSH 10 each fully paid up				
Quick Heal Technologies Limited, the holding company	11,367,500	100%	11,367,500	100%

The shareholding information has been extracted from the records of the company including register of shareholders / members and is based on legal ownership of shares.

Note 24: Capital management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's net debt to adjusted equity ratio at the reporting date are as follows:

Particulars	As at	
	31 March 2018	31 March 2017
Total liabilities	1,333,185	8,452,107
Less : Cash and cash equivalents	33,829,504	40,601,204
Net debt	**(32,496,319)**	**(32,149,097)**
Total equity	54,046,950	77,602,690
Net debt to equity ratio	(0.60)	(0.41)

There are no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Note 25: Financial instruments by category

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	As at	
	31 March 2018	31 March 2017
Assets		
Current financial assets		
Trade receivables	15,522,632	39,995,637
Cash and cash equivalents	33,829,504	40,601,204
Loans	20,000	470,000
Total	**49,372,136**	**81,066,841**
Liabilities		
Current financial liabilities		
Trade and other payables	1,320,685	8,405,204
Total	**1,320,685**	**8,405,204**

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Carrying values of all financial assets and liabilities approximate to fair value at 31 March 2018 and 31 March 2017. Hence fair value hierarchy related disclosures are not applicable.

Note 26: Financial risk management

The Company's financial risk policies comprise primarily of credit risk and liquidity risk. The Company is not exposed to interest rate risk since the Company does not have any interest rate borrowings. There are no outstanding foreign currency contracts, accordingly foreign currency risk is not applicable.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is exposed to credit risk for loans and trade receivables.

Counterparty credit limits are reviewed by the Company on an annual basis, and are updated throughout the year subject to approval of the Company's credit committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company does not hold any collateral as security against its trade receivables and loans.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date are as follows :

Particulars	As at	
	31 March 2018	31 March 2017
Current financial assets		
Trade receivables	15,522,632	39,995,637
Cash and cash equivalents	33,829,504	40,601,204
Loans	20,000	470,000
Total	**49,372,136**	**81,066,841**

None of the Company's cash equivalents, are past due or impaired. Regarding loans and trade receivables, there are no indications as of 31 March 2018, that defaults in payment obligations would occur.

The ageing of trade receivables at the reporting date that were not impaired are as follows :

Particulars	As at	
	31 March 2018	31 March 2017
Upto 6 months	311,961	24,635,371
More than 6 months	15,210,671	15,360,265
Total	**15,522,632**	**39,995,636**

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions.

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The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. In certain circumstances, the Company seeks collateral as security for the receivable. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforces compliance with the credit terms.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

Particulars	**As at**	
	31 March 2018	**31 March 2017**
Trade and other payables		
- Upto 6 months	1,320,685	8,405,204
- More than 6 months	-	-

Note 27: Going concern

The Company has incurred net loss of KSH 2,35,55,740 for the year ended 31 March 2018 (31 March 2017: KSH 1,72,72,115). The company is in the initial gestation period and is in the process of implementing a plan for its business strategies and policies, the outcome of which would result in the recovery of its losses. This plan has been approved by the board of directors of the holding company and has undertaken to provide such financial support as necessary to enable the Company to continue its operations and to meet its liabilities as and when they fall due on a continuing basis.

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