QUICK HEAL TECHNOLOGIES (MENA) FZE
RAS AL KHAIMAH

Financial statements

Year Ended March 31, 2017

QUICK HEAL TECHNOLOGIES (MENA) FZE, RAS AL KHAIMAH, UAE

Financial statements for the year ended March 31, 2017

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Independent Auditor's Report

To the shareholder of Quick Heal Technologies (MENA) FZE, Ras Al Khaimah, UAE

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Quick Heal Technologies (MENA) FZE, Ras Al Khaimah, UAE ("the Establishment") which comprise the statement of financial position as at March 31, 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Establishment give a true and fair view of the financial position of the Establishment as at March 31, 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note No. 2 of the financial statements. These financial statements are not prepared on going concern basis. There are no operations being carried out subsequent to year end and Management intends to liquidate the Company. In the event of liquidation, the shareholder has confirmed to support the settlement of all the liabilities financially. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and their presentation in compliance with Implementing Regulations No. 1/2000, issued by the Ras Al Khaimah Free Trade Zone Authority adhering to the Emiri Decree dated 1/5/2000, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. Management intends to liquidate the Company within the next 12 months from the date of statement of financial position. Accordingly these financial statements are not prepared on a going concern basis and are prepared on a net realisable value basis.

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Independent Auditors' Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the net realisable value basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that we identify during our audit.

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May 4, 2017

QUICK HEAL TECHNOLOGIES (MENA) FZE, RAS AL KHAIMAH, UAE

Statement of financial position at March 31, 2017

	Notes	AED	2016 AED
Non current assets			
Property, plant and equipment	5	-	6,771
Due from related parties	7	-	160,708
Total non current assets		-	167,479
Current assets			
Inventories		-	74,854
Trade and other receivables	6	363,470	186,082
Due from related parties	7	88,269	1,145,275
Bank balances and cash	8	2,048,706	1,855,464
Total current assets		2,500,445	3,261,675
Current liabilities			
Trade and other payables	9	53,667	25,860
Due to related parties	7	125,958	856,501
Provision for end of service benefits		3,772	-
Total current liabilities		183,397	882,361
Net current assets		2,317,048	2,379,314
Net assets		2,317,048	2,546,793
Equity			
Share capital	10	2,800,000	2,800,000
Accumulated deficit		(482,952)	(253,207)
Total equity		2,317,048	2,546,793

The financial statements have been approved and signed by the Director on May 4, 2017:

Kailash Katkar

The notes on pages 7 to 21 form part of these financial statements

Statement of comprehensive income for the year ended March 31, 2017

	Notes	AED	2016 AED
Revenue		**669,134**	559,168
Cost of sales		**546,911**	462,430
Gross profit		**122,223**	96,738
Other income	11	**7,671**	60,336
		129,894	157,074
Administrative, selling and general expenses	12	**352,868**	264,113
Depreciation	5	**1,041**	1,500
Impairment on office equipments and furnitures	5	**5,730**	-
Total compehensive loss for the year		**(229,745)**	(108,539)

The financial statements have been approved and signed by the Director on May 4, 2017:

The notes on pages 7 to 21 form part of these financial statements

QUICK HEAL TECHNOLOGIES (MENA) FZE, RAS AL KHAIMAH, UAE

Statement of changes in equity for the year ended March 31, 2017

	Share Capital AED	Accumulated deficit AED	Total equity AED
Balance at April 1, 2015	2,800,000	(144,668)	2,655,332
Total comprehensive loss for the year	-	(108,539)	(108,539)
Balance at March 31, 2016	**2,800,000**	**(253,207)**	**2,546,793**
Total comprehensive loss for the year	-	(229,745)	(229,745)
Balance at March 31, 2017	**2,800,000**	**(482,952)**	**2,317,048**

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The notes on pages 7 to 21 form part of these financial statements

Statement of cash flows for the year ended March 31, 2017

			2016
Cash flows from operating activities	Notes	AED	AED
Net loss for the year		**(229,745)**	(108,539)
Adjustments for :			
Depreciation	5	**1,041**	1,500
Impairment on office equipments and furnitures	5	**5,730**	-
Interest income	11	**(7,671)**	(60,336)
Provision for employees' end of service gratuities		**3,772**	-
Operating loss before working capital changes		**(226,873)**	(167,375)
Decrease in inventories		**74,854**	25,289
(Increase)/decrease in trade and other receivables	6	**(177,388)**	49,617
Decrease in due from related parties	7	**1,217,714**	331,448
Increase/(decrease) in trade and other payables	9	**27,807**	(43,921)
(Decrease)/increase in due to related parties	7	**(730,543)**	346,356
Cash generated from operations		**185,571**	541,414
Interest received	11	**7,671**	60,336
Net cash from operating activities		**193,242**	601,750
Net increase in cash and cash equivalents		**193,242**	601,750
Cash and cash equivalents at beginning of the year		**1,855,464**	1,253,714
Cash and cash equivalents at end of the year	8	**2,048,706**	1,855,464

The notes on pages 7 to 21 form part of these financial statements

1 Status and activity

Quick Heal Technologies (MENA) FZE, Ras Al Khaimah ("the Establishment") is a Free Zone Establishment registered with limited liability under the Implementing Regulations No. 1/2000, issued by the Ras Al Khaimah Free Trade Zone Authority adhering to the Emiri Decree dated 1/5/2000. The principal activities of the Establishment include trading in antivirus software. The Establishment is wholly owned subsidiary of Quick Heal Technologies Private Limited (the "Parent Company"), a company registered in India.

The principal place of business of the Establishment is located at Ras al Khaimah Free Trade Zone, UAE

The financial statements for the year ended March 31, 2017 were authorised for issue by the Director on May 4, 2017.

These financial statements are presented in United Arab Emirates Dirhams (AED).

2 Basis of preparation of financial statements

Subsequent to the year end, there were no commercial operations carried out by the establishment. The management has decided to transfer the operation of the establishment to a related party and liquidate this establishment. Accordingly these financial statements are not prepared on going concern basis and is prepared on a net realisable basis.

3 Adoptation of new and revised standards

New standards, interpretations and amendments effective from January 1, 2016

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 1 Presentation of Financial Statements (Effective for annual periods beginning on or after January 1, 2016):

The following narrow-scope amendments have been made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgments in presenting their financial reports:

- **Materiality and aggregation:** clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material.

- **Statement of financial position and statement of profit or loss and other comprehensive income:** clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements.

3 Adoptation of new and revised standards (continued)

IAS 1 Presentation of Financial Statements (Effective for annual periods beginning on or after January 1, 2016): (continued)

- **Presentation of items of other comprehensive income ("OCI"):** clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- **Notes:** clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. Also, unhelpful examples regarding the identification of significant accounting policy have been removed.

These amendments will not impact the Establishment's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)' (Effective for annual periods beginning on or after January 1, 2016):

This amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

These amendments will not impact the Establishment's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

IAS 27 'Equity Method in Separate Financial Statements (Amendments to IAS 27)' (Effective for annual periods beginning on or after January 1, 2016):

This amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

These amendments will not impact the Establishment's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

3 Adoptation of new and revised standards (continued)

Annual Improvements to IFRSs 2012-2014 Cycle (Effective for annual periods beginning on or after July 1, 2016):

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

This amendment adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The annual improvement has not impacted the Establishment's financial position or performance on adoption.

IFRS 7 *Financial Instruments: Disclosures*

This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Establishment's financial position or performance on adoption.

IAS 19 *Employee Benefits*

This improvement clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Establishment's financial position or performance on adoption

IAS 34 *Interim Financial Reporting*

The improvement clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendment has no impact on the Establishment's financial position or performance on adoption.

New, amended, and revised standards effective not yet effective

IAS 7 Statement of Cash Flows (disclosure)

Paragraph 44A added: 'An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'.

- The following changes in liabilities arising from financing activities shall be disclosed:
- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates;
- Changes in fair values; and
- Other changes.

Paragraph 44C added: 'Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'.

Disclosure requirement in paragraph 44A is fulfilled by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

3 Adoptation of new and revised standards (continued)

New, amended, and revised standards effective not yet effective (continued)

Effective date: an entity shall apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

IFRS 15 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after January 1, 2018):

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Establishment is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

IFRS 9 'Financial instruments (2014)' (Effective for annual periods beginning on or after January 1, 2018):

A finalised 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 recognised.

- **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.

- **Derecognition** - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.

4 Significant accounting policies

These financial statements are prepared under the net realisable basis and in accordance with International Financial Reporting Standards. The significant accounting policies adopted are as follows:

Property, Plant & Equipment

The property and equipment are carried at their cost less any accumulated depreciation and any accumulated impairment. Cost includes purchase cost together with any incidental costs of acquisition.

For the current year, these have been accounted on net realisable basis.

Depreciation

Depreciation is provided consistently on a straight line basis so to write off the cost of property, plant & equipment over their estimated useful lives.

	Useful Life Years
Furniture & Fixtures	10
Equipments	5

Inventories

Inventories are stated at lower of cost and net realisable value. Cost of inventories is determined on the weighted average cost basis. Net realisable value is based on the normal selling price, less cost expected to be incurred on disposal.

Financial assets

The Establishment classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. Financial assets are recognized and derecognized on the trade date, and are initially measured at fair value, net of transaction costs for those financial assets classified as fair value through profit or loss which are initially measure at fair value.

Establishment's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instrument that the Establishment manages together and has a recent actual pattern of short term profit-taking or
- it is derivative that is not designated and effective as hedging instrument.

4 Significant accounting policies *(Continued)*

Financial assets (Continued)

Fair value through profit or loss (Continued)

Financial assets through profit or loss are stated fair value, with any results gain or losses recognized in the statement of comprehensive income.

Financial assets are classified as fair value through profit or loss when the financial asset is either as held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Establishment manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

For the current year, these have been accounted on net realisable basis.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Establishment's loans and receivables comprise trade and other receivables and due from related parties in the statement of financial position.

For the current year, these have been accounted on net realisable basis.

Held - to - maturity investment

These assets are non-derivative financial assets with determinable payments and fixed maturities that Establishment's management has the positive intention and ability to hold till maturity. These assets are measured at amortised costs with changes through statement of comprehensive income.

For the current year, these have been accounted on net realisable basis.

Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Establishment's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities or investments in financial assets intended for to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates.

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4 Significant accounting policies *(Continued)*

Financial assets (Continued)

Available-for-sale financial assets (Continued)

These assets are included in non-current assets unless management has expressed its intention of holding these investments for less than twelve months from the date of consolidated statement of financial position, and are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available for sale investments constitutes objective evidence of impairment, the amount of loss is removed from equity and recognized in the consolidated statement of comprehensive income.

Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

For the current year, these have been accounted on net realisable basis.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash and bank balances.

For the current year, these have been accounted on net realisable basis.

Financial liabilities

The Establishment classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Establishment's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Establishment does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

For the current year, these have been accounted on net realisable basis.

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4 **Significant accounting policies *(Continued)***

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding. For the current year, these have been accounted on net realisable basis.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. For the current year, these have been accounted on net realisable basis.

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

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4 **Significant accounting policies *(Continued)***

Impairment (Continued)

Available for sales financial assets

In addition to the objective evidence of impairment as described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

All impairment losses are recognised in the statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortized cost that are debt securities, the reversal is recognised in the statement of income.

(ii) Non-financial assets

The carrying amounts of the Establishment's non-financial assets, other than investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at each reporting date. The reduction in value is recognised in the statement of income.

Property, plant and equipments and other investments

Property, plant and equipments are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the valueinuse) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.
The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

4 Significant accounting policies *(Continued)*

Impairment (Continued)

(ii) Non Financial assets (Continued)

Property, plant and equipments and other investments (Continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Foreign currencies

Transaction entered into by the Establishment in a currency other than the currency of the primary economic environment in which they operates ("their functional currency") is recorded at the ruling rates when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date.

Exchange gains or losses arising on the retranslation of monetary available for sale financial assets are treated as separate component of change in the fair and recognized in the profit or loss. Exchange gains or losses on non-monetary available for sale financial assets form part of overall gain or loss recognized in respect of that financial instrument.

Employees' end of service benefits

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Provisions

Provisions are recognised in the statement of financial position when the Establishment has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Share capital

Financial instruments issued by the Establishment are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Establishment's ordinary shares are classified as equity instruments.

Revenue recognition

Revenue from the sales of software is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

5 Property, plant and equipment

Movements in property, plant and equipment are given on page 21.

6 Trade and other receivables

		2016
	AED	AED
Trade receivables	339,570	144,508
Prepayments	16,500	16,500
Deposits	7,400	7,400
Other receivables	-	17,674
	363,470	186,082

There are 8 customers who represent 75 percent of the total balance of trade receivables. AED 308,245 (2016: AED 86,968) of the trade receivables are neither past due nor impaired. The Establishment does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Establishment to the counterparty.

Included in trade receivables are debtors with carrying amounts of AED 31,325 (2015: AED 57,539) which are past due at the reporting date for which the Establishment, has not provided as it still considers these amounts as recoverable.

Ageing analysis of past due trade receivables is as under:

		2016
Amounts past due and not impaired	AED	AED
0-90 days	28,502	30,870
Above 90 Days	2,823	26,669
	31,325	57,539

7 Related party disclosures

Related parties include the parent company, immediate family members of the shareholder who can exert influence over the Establishment, key management personnel and any businesses which are controlled directly or indirectly by the Establishment or over which they exercise significant management influence.

The significant related party transactions during the year are as follows:

		2016
	AED	AED
Parent		
Purchases	392,058	370,784
Other related parties		
Interest income	7,671	60,336
Stock transfer	37,009	-

7 Related party disclosures *(Continued)*

Related party balances are as under :

	AED	2016 AED
Receivables :		
- Other related parties - Non current	-	160,708
- Other related parties - Current	88,269	1,145,275
	88,269	1,305,983
Payables :		
- Parent	125,958	856,501

The amount receivable/payable within 12 months from the date of statement of financial position is classified as current.

8 Bank balances and cash

	AED	2016 AED
Cash in hand	4,131	3,431
Current accounts with banks	2,044,575	1,852,033
	2,048,706	1,855,464

9 Accruals and other payables

	AED	2016 AED
Accruals	40,863	18,212
Other payables	12,804	7,648
	53,667	25,860

10 Share capital

	AED	2016 AED
Authorised, issued and paid up capital:		
28 shares of AED 100,000 each	2,800,000	2,800,000

11 Other income

	AED	2016 AED
Interest earned	7,671	60,336

12 Administrative, selling and general expenses

		2016
	AED	**AED**
Staff salaries and benefits	**72,896**	54,624
Rent expense	**120,000**	114,026
Travel and conveyance expense	**11,449**	17,044
Utilities expenses	**28,736**	26,572
Legal and professional expenses	**30,286**	28,464
Advertising & promotion expense	**80,530**	18,930
Bank charges	**3,297**	3,086
Others	**5,674**	1,367
	352,868	264,113

13 Financial instruments - risk management

The Establishment is exposed through its operations to the following financial risks:

Capital risk management

The capital structure of the Establishment consists of equity attributable to equity holders, comprising of authorised, issued and paid up capital and accumulated deficit.

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

Foreign currency risk management

The Establishment undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Establishment is mainly exposed to US Dollars (USD). But, as UAE Dirham (AED) is pegged to the US Dollar, the Establishment is not exposed to any significant exchange rate fluctuations.

Interest rate risk management

The Establishment is not exposed to interest rate risk as entities in the Establishment is totally financed by equity.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Establishment is exposed to credit risk from its financial assets which comprise principally, bank balances. The Estabishment's bank accounts are placed with high credit quality financial institutions.

13 Financial instruments - risk management (continued)

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the event of liquidation, shareholder of the Company has confirmed to support financially the settlement of all liabilities.

		2016
	AED	**AED**
Financial assets		
- Trade and other receivables	**346,970**	169,582
- Due from related parties	**88,269**	1,145,275
- Bank balances and cash	**2,048,706**	1,855,464
Financial liabilities		
Other financial liabilities		
- Accruals and other payables	**53,667**	25,860
- Due to related parties	**125,958**	856,501

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At March 31, 2017	Upto 3 months AED	Upto 3 - 12 months AED	Between 1- 2 years AED	Over 2 years AED
Accruals and payables	73,667	-	-	-
Due to related parties	125,958	-	-	-
Provision for end of service benefits	3,772	-	-	-

At March 31, 2016	Upto 3 months AED	Upto 3 - 12 months AED	Between 1- 2 years AED	Over 2 years AED
Accruals and payables	25,860	-	-	-
Due to related parties	856,501	-	-	-

14 Comparative figures

Comparative figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

Schedule of property, plant and equipment

	Office Equipments	Furniture & Fixtures	Total
Cost	AED	AED	AED
At April 1, 2015	1,808	6,789	8,597
As at March 31, 2016	1,808	6,789	8,597
As at March 31, 2017	**1,808**	**6,789**	**8,597**
Accumulated Depreciation			
At April 1, 2015	100	226	326
Charge for the year	482	1,018	1,500
As at March 31, 2016	582	1,244	1,826
Charge for the year	362	679	1,041
Impairment	864	4,866	5,730
As at March 31, 2017	**1,808**	**6,789**	**8,597**
Net Book Value			
As at March 31, 2017	-	-	-
As at March 31, 2016	1,226	5,545	6,771

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