SEQRITE TECHNOLOGIES DMCC
DUBAI

Annual report and financial statements

Period ended March 31, 2018

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Annual report and financial statements for the period ended March 31, 2018

Contents

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Directors' report

The Directors have pleasure in submitting their annual report and financial statements of the Company for the period ended March 31, 2018.

Activities

The principal activities of the Company include computer software trading, computer and data processing requisite trading, computer equipment requisite trading, computer electric accessories trading and trading in antivirus software.

Financial position

During the period, the company achieved a turnover of AED 708,315 and the net assets at the date of statement of financial position amounted to AED 221,831.

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors as the auditors for the ensuing year will be put to the members at the Annual General Meeting.

For and on behalf of Board of Directors'

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DUBAI - U.A.E.
SEQRITE TECHNOLOGIES DMCC

Kailash Katkar
Director
June 28, 2018
Dubai, United Arab Emirates

BDO

هاتف: ٠٦٠٠ ٥١٩ ٦ ٩٧١+

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Independent Auditor's Report

To the Shareholder of Seqrite Technologies DMCC, Dubai, United Arab Emirates

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Seqrite Technologies DMCC, Dubai, United Arab Emirates ("the Company") which comprise the statement of financial position as at March 31, 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at March 31, 2018, 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 company 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.

Other matter

The Company has prepared a separate set of financial statements for the period ended December 31, 2017 in accordance with International Financial Reporting Standards for the purpose of filing with Dubai Multi Commodity Centre Authority (DMCCA) on which we issued a separate auditor's report to the shareholders of the Company dated June 27, 2018.

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 the Implementing Regulations No. (1/03) issued by Dubai Multi Commodity Centre Authority (DMCCA), Dubai, United Arab Emirates 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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.

Independent Auditors' Report *(Continued)*

To the Shareholder of Seqrite Technologies DMCC, Dubai, United Arab Emirates *(Continued)*

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

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 company'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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purpose of our audit and no violation of the Implementing Regulations No. (1/03) issued by Dubai Multi Commodity Authority (DMCCA) came to our attention which would materially affect the Company's financial position.

Kapadia

CHARTERED ACCOUNTANTS & ADVISORS P.O.Box 1961 DUBAI

BDO CHARTERED ACCOUNTANTS & ADVISORS
Sharjah

Priyesh Yagnesh Kapadia
Reg. No 534
June 28, 2018

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of financial position at March 31, 2018

	Notes	AED
Non current assets		
Office equipment	6	1,407
Current assets		
Inventories	7	6,676
Trade and other receivables	8	234,436
Bank balances		301,935
Total current assets		543,047
Current liabilities		
Accruals and other payables	10	57,984
Due to related party	9	264,637
Total current liabilities		322,621
Net current asset		220,426
Net assets		221,833
Equity		
Share capital	11	300,000
Accumulated deficit		(78,167)
Total equity		221,833

The financial statements have been approved by the Board of Director on June 28, 2018 and are signed on its behalf by:

SEQRITE TECHNOLOGIES DMCC DUBAI - U.A.E.

Kailash Katkar
Director

The notes on pages 8 to 18 form part of these financial statements

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of comprehensive income for the period ended March 31, 2018

	Notes	AED
Revenue		708,315
Cost of sales		468,773
Gross profit		239,542
Other income		2,609
		242,151
Administrative and general expenses	12	320,318
Total compehensive income for the year		(78,167)

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

	Share Capital AED	Accumulated deficit AED	Total equity AED
Share capital introduced	300,000	-	300,000
Total comprehensive income for the period	-	(78,167)	(78,167)
Balance at March 31, 2018	**300,000**	**(78,167)**	**221,833**

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The notes on pages 8 to 18 form part of these financial statements

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of cash flows for the period ended March 31, 2018

	Notes	AED
Cash flows from operating activities		
Net loss for the period		(78,167)
Adjustments for :		
Depreciation on property, plant and equipment	6	918
Operating loss before working capital changes		(77,249)
Increase in inventories	7	(6,676)
Increase in trade and other receivables	8	(234,436)
Increase in accruals and other payables	10	57,984
Increase in due to related party	9	264,637
Cash generated from operations		4,260
Net cash from operating activities		4,260
Cash flows from investing activities		
Purchase of property, plant and equipment	6	(2,325)
Net cash used in investing activities		(2,325)
Cash flows from financing activities		
Share capital introduced	11	300,000
Net cash from financing activities		300,000
Net increase in cash and cash equivalents		301,935
Cash and cash equivalents at end of the period		301,935

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The notes on pages 8 to 18 form part of these financial statements

1 **Status and activity**

Seqrite Technologies DMCC, Dubai ("the Company") is a company with limited liability, registered under the Implementing Regulations No. (1/03) issued by Dubai Multi Commodity Centre Authority (DMCCA).

The principal activities of the company include Computer software trading, computer and data processing requisite trading, computer equipment requisite trading, computer electric accessories trading and trading in antivirus software.

The company is wholly owned subsidiary of Quick Heal Technologies Private Limited (the "Parent Company"), a Public listed company registered in India.

The principal place of business of the Company is located at Unit No.602-8 Mazaya business avenue, BB1 JLTE-PH-2 BB1, Jumeirah Lake towers, Dubai, United Arab Emirates.

The financial statements for the year ended March 31, 2018 were authorised for issue by the Director on June 28, 2018.

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

2 **Accounting Period**

The Company was incorporated on December 19, 2016. These financial statements relate to the period commencing from the date of incorporation till March 31, 2018, being the year end of the parent company.

3 **Adoption of new and revised standards**

The following new and revised IFRSs, amendments and interpretations have been adopted in these financial statements. The application of these new and revised IFRSs, amendments and interpretations have 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 7 Statement of Cash Flows (disclosure)***

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

One way to comply with this disclosure would be to present a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities. The reconciliation would include:

- Opening balance
- Movements in the period including:
- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value);
- Closing balance

Disclosure requirement in paragraph 44A has therefore been fulfilled for the first time by the Company by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities in the notes to the financial statements.

3 Adoption of new and revised standards *(Continued)*

New standards, interpretations and amendments issued but not yet effective

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on April 01, 2017. The most significant of these are:

- ***IFRS 16 'Leases' (Effective for annual periods beginning on or after January 1, 2019):***

  IFRS 16 specifies how to recognise, measure, present and disclose leases.

  - The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.
  - Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17
  - IFRS 16 replaced the following standards and interpretation

    - IAS 17 - Leases

    - IFRIC 4 - Determining whether an arrangement contain a lease

    - SIC-15 - Operating leases - incentives

    - SIC-27 - Evaluating the substance of transaction involving the Legal Form of a Leases

  The company is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no earlier than the accounting period beginning on or after January 1, 2019.

- ***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.

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3 Adoption of new and revised standards *(Continued)*

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

The company does not expect any other standards issued, but not yet effective, to have a material impact. A list of other new and amended standards which had been issued but are effective in future periods is as follows:

- *IFRIC 22 Foreign Currency Translations and Advance Consideration (effective 1 January 2018)*
- *Amendments to IFRS 2 classification and Measurement of Share-based payment Transactions (effective 1 January 2018)*
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)*
- *Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)*
- *Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2018)*
- *IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)*
- *Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)*
- *IFRS 17 Insurance Contracts (effective 1 January 2021)*

4 Significant accounting policies

These are the first financial statements which have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the Implementing Regulations No. (1/03) issued by Dubai Multi Commodity Centre Authority (DMCCA). The significant accounting policies adopted are as follows:

Office equipment

Office equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets. The routine servicing of the office equipment are recognized in the statement of comprehensive income. An item of office equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of office equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the statement of comprehensive income.

Depreciation

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

	Useful Life Years
Office equipment	3

4 Significant accounting policies (Continued)

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. Goods in transits are valued at cost less impairment.

Financial assets

The Company 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.

The company'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 Company 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

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 company 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.

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 Company's loans and receivables comprise trade and other receivables in the statement of financial position.

Held - to - maturity investment

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

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4 **Significant accounting policies (Continued)**

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 company'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.

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 the 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 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.

Cash and cash equivalents

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

Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The company'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 company does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities includes other payables, due to related party and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method

Foreign currencies

Transaction entered into by the company in a currency other than the currency of the primary economic environment in which they operate ("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 difference arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the profit or loss except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange difference is recognized in other comprehensive income and accumulated in the foreign exchange reserve along with exchange difference arising on the retranslation of foreign operation.

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4 Significant accounting policies *(Continued)*

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence 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

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 increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Non-financial assets

The carrying amounts of the company's non-financial assets 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 reduction in value is recognised in the statement of income.

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

Other provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle 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 company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

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4 **Significant accounting policies (Continued)**

Leasing

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Revenue

Revenue from the sales of goods is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer.

5 **Critical accounting judgemental and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

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

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Fair value measurement

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

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5 **Critical accounting judgemental and key sources of estimation uncertainty *(Continued)***

Fair value measurement (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

6 **Office equipment**

Movements in office equipment are given on page 18.

7 **Inventories**

Inventories comprise software and licenses held for sale and the carrying amount of inventories is its cost. No inventories are stated at net realisable value. The cost of inventories recognised as expense amounted to AED 465,863.

8 **Trade and other receivables**

	AED
Trade receivables	228,311
Prepayments	667
Deposits	4,800
Other receivables	658
	234,436

AED 76,722 of the trade receivables are neither past due nor impaired. The company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

Included in trade receivables are debtors with carrying amounts of AED 133,089 which are past due at the reporting date for which the company has not provided for as it still considers these amounts as recoverable.

Ageing analysis of past due trade receivables is as under:

Amounts Past due but not Impaired	AED
0-30 days	12,956
31 - 60 days	16,228
Above 60 days	103,905
	133,089

9 **Related party disclosures**

Related parties include the parent company, ultimate parent company, key management personnel and any businesses which are controlled directly or indirectly by the company or over which they exercise significant management influence. The balances due to such parties, which have been disclosed separately in the financial statements, are unsecured, interest free and are repayable on demand.

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

	AED
Parent	
Purchase	435,531

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10 Accruals and other payables

	AED
Advances received from customers	5,585
Accruals	41,169
Other payables	11,230
	57,984

11 Share capital

	AED
Authorised, issued and paid up capital:	
300 shares of AED 1,000 each	300,000

12 Administrative and general expenses

	AED
Staff salaries and benefits	117,995
Rent and license fees	128,990
Travel and conveyance expense	17,739
Communication expenses	6,072
Professional fees	41,169
Bank charges	5,397
Depreciation on property, plant & equipment	918
Others	2,038
	320,318

13 Financial instruments - risk management

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

Capital risk management

The capital is managed by the company in a way that it is able to continue as a going concern while maximising returns to the parent company.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising of paid up capital.

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

Market risk management

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates.

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13 Financial instruments - risk management (Continued)

Market risk management (continued)

Foreign currency risk management

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

Interest rate risk management

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

Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances and trade and other receivables. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables are subjected to credit evaluations.

Liquidity risk management

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cashflows.

	AED
Financial assets	
Loans and receivables	
- Trade and other receivables	233,769
Bank balances	301,935
Financial liabilities	
Other financial liabilities	
- Other payables	11,230
- Due to related party	264,637

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

The contractual maturities of financial liabilities are due within 12 month from the date of statement of financial position of the Company.

14 Comparative figures

These are the first financial statements after the commencement of operations from December 19, 2016 to march 31, 2018, hence there are no comparative figures to disclose.

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Schedule of office equipment

	Office equipment
	AED
Cost	
Assets purchased during the period	2,325
As at March 31, 2018	2,325
Accumulated Depreciation	
Charge for the period	918
As at March 31, 2018	918
Net book value	
As at March 31, 2018	1,407

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