HCL Technologies Middle East FZ-LLC

FINANCIAL STATEMENTS

31 MARCH 2018

HCL Technologies Middle East FZ-LLC
215, Floor-02,
Building-15
Dubai Internet City,
United Arab Emirates
www.hcltech.com

DIRECTORS' REPORT

The Directors of HCL Technologies Middle East FZ-LLC (the "Company") present their report and audited financial statements for the year ended 31 March 2018.

ACTIVITIES

The principal activities of the Company are to provide IT, software, telecommunication and network services.

RESULTS AND DIVIDENDS

During the year, the Company has generated revenue amounting to AED 27,443,962 (2017: AED 7,985,974) and profit for the year is AED 1,694,678 (2017: loss of AED 2,120,415). No dividends have been declared or paid during the year (2017: AED nil).

AUDITORS

A resolution to reappoint Ernst & Young as auditors for the ensuing year will be put to the members at the Annual General Meeting.

Mr. Raghu Raman Lakshmanan
Director

5 AUG 2018

Dubai, United Arab Emirates

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5 AUG 2018

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HCL Technologies Middle East FZ-LLC (the "Company") which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for 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* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provision of the Company's Articles of Association and in accordance with Dubai Creative Clusters Private Companies Regulations 2016 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.

The Directors are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC (continued)

Report on the audit of the financial statements (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 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 the Directors 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.

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements have been prepared, in all material respects, in accordance with the Dubai Creative Clusters Private Companies Regulations 2016; and that proper books of account have been kept by the Company. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge, no violations of the applicable requirements of the Dubai Creative Clusters Private Companies Regulations 2016 or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

5 August 2018

Dubai, United Arab Emirates

HCL Technologies Middle East FZ-LLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	***2018 AED***	*2017 AED*
Revenue		**27,443,962**	7,985,974
Cost of revenue		**(21,570,997)**	(6,764,565)
GROSS PROFIT		**5,872,965**	1,221,409
General and administrative expenses		**(3,904,096)**	(3,158,692)
Finance cost		**(274,191)**	(183,132)
PROFIT/ (LOSS) FOR THE YEAR	4	**1,694,678**	(2,120,415)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**1,694,678**	(2,120,415)

The attached notes 1 to 13 form part of these financial statements.

HCL Technologies Middle East FZ-LLC

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 AED	2017 AED
ASSETS			
Non-current asset			
Equipment	5	**128,793**	119,823
Current assets			
Inventories		**24**	5,814,702
Accounts receivable and prepayments	6	**5,292,780**	7,727,633
Amounts due from related parties	10	**3,080,680**	3,660,326
Bank balances		**8,562,509**	768,899
		16,935,993	17,971,560
TOTAL ASSETS		**17,064,786**	18,091,383
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**3,650,000**	200,000
Accumulated losses		**(951,966)**	(2,646,644)
Total equity/deficiency of assets		**2,698,034**	(2,446,644)
Non-current liability			
Employees' end of service benefits	8	**125,084**	55,066
Current liabilities			
Accounts payable and accruals	9	**1,138,411**	1,818,632
Loans from related parties	10	**1,154,026**	6,207,207
Amounts due to related parties	10	**11,949,231**	12,457,122
		14,241,668	20,482,961
TOTAL LIABILITIES		**14,366,752**	20,538,027
TOTAL EQUITY AND LIABILITIES		**17,064,786**	18,091,383

Mr. Raghu Raman Lakshmanan
Director

The attached notes 1 to 13 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital AED	*Accumulated losses AED*	*Total AED*
As at 1 April 2016	200,000	(526,229)	(326,229)
Total comprehensive loss for the year	-	(2,120,415)	(2,120,415)
Balance at 31 March 2017	200,000	(2,646,644)	(2,446,644)
Additional capital contribution (note 7)	3,450,000	-	3,450,000
Total comprehensive income for the year	-	1,694,678	1,694,678
Balance at 31 March 2018	**3,650,000**	**(951,966)**	**2,698,034**

The attached notes 1 to 13 form part of these financial statements.

HCL Technologies Middle East FZ-LLC

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 AED	2017 AED
OPERATING ACTIVITIES			
Profit / (loss) for the year		**1,694,678**	(2,120,415)
Adjustments for:			
Depreciation of equipment	5	**41,419**	28,200
Provision for employees' end of service benefits	8	**80,845**	48,457
Finance cost	10	**142,217**	144,915
		1,959,159	(1,898,843)
Working capital adjustments:			
Inventories		**5,814,678**	(3,603,632)
Accounts receivable and prepayments		**2,434,853**	1,478,921
Amounts due from related parties		**579,646**	(1,788,764)
Accounts payable and accruals		**(680,221)**	903,816
Amounts due to related parties		**(507,891)**	4,891,837
Cash from/ (used in) operations		**9,600,224**	(16,665)
Employees' end of service benefits paid	8	**(10,827)**	(16,850)
Finance cost paid		**(142,217)**	-
Net cash flows from / (used in) operating activities		**9,447,180**	(33,515)
INVESTING ACTIVITY			
Purchase of equipment	5	**(50,389)**	(66,051)
Cash flows used in investing activity		**(50,389)**	(66,051)
FINANCING ACTIVITIES			
Net movement in loans from related parties		**(5,053,181)**	(4,185,103)
Capital increased during the year		**3,450,000**	-
Net cash flows used in financing activities		**(1,603,181)**	(4,185,103)
INCREASE / (DECREASE) IN BANK BALANCES		**7,793,610**	(4,284,669)
Bank balances at beginning of the year		**768,899**	5,053,568
BANK BALANCES AT END OF THE YEAR		**8,562,509**	768,899

The attached notes 1 to 13 form part of these financial statements.

1 ACTIVITIES

HCL Technologies Middle East FZ-LLC (the "Company") is a free zone limited liability company incorporated in Emirate of Dubai under provision of the Dubai Creative Clusters Private Companies Regulations 2016 and is subject to the laws, rules and regulations of the Dubai Creative Clusters Authority, Dubai, UAE replacing the existing Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. (1) of 2000.

The Company is a 100% subsidiary of HCL Bermuda Ltd ("Parent Company"), a company incorporated in the Bermuda under Company Registration number EC 24219. The Parent Company is a subsidiary of HCL Technologies Limited (the "Ultimate Parent Company"), a listed company registered in India.

The principal activities of the Company are to provide IT, software, telecommunication and network services.

These financial statements comprise the operations carried out in the name of HCL Technologies Middle East FZ-LLC and its branch, HCL Technologies Middle East FZ LLC Dubai Branch ("the Branch"). The Branch was incorporated from 21 June 2015, however the operations have commenced on 25 April 2016.

The financial statements were authorized for issue on 5 AUG 2018.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and applicable provision of Dubai Creative Clusters Private Companies Regulations 2016 and the Articles of Association of the Company.

The financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional and the presentation currency of the Company.

The financial statements are prepared under the historical cost convention.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New standards and interpretations effective for annual period beginning on or after 1 January 2017
The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Company has not early adopted any standards, interpretations or amendments that have been issued are not yet effective.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The adoption of above standards, amendments and interpretations did not have a material impact on the financial statements of the Company.

Standards, amendments and interpretations in issue but not effective
The standards and interpretations that are issued, but not yet effective, up to the date of reporting of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9	Financial Instruments: Classification and Measurement, impairment and hedge accounting (effective for annual periods beginning on or after 1 January 2018, with early application permitted);
IFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted);
IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively);
IFRS 2	Classification and measurement of Share-based Payment Transactions – Amendments to IFRS 2 (effective for annual periods beginning on or after 1 January 2018, with early application permitted);

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards, amendments and interpretations in issue but not effective (continued)

IFRS 16 Leases: Lessees required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term (effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies IFRS 15);

IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17);

IAS 40 Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed); and

Annual Improvements 2014-2016 Cycle: (issued in December 2016)

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term
- IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

(a) Classification and measurement

The Company does not expect a significant impact on its financial position or equity on applying the classification and measurement requirements of IFRS 9.

Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of invoice amounts. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables.

Under the existing incurred loss model, the Company's policy is to recognise the impairment of trade receivables on full amount when collection is no longer probable.

The Company, however, plans to apply the simplified approach and record lifetime expected losses on all trade and other receivables. The Company is currently still assessing the impact of adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the modified retrospective method. The Company is in the process of performing an impact assessment for IFRS 15, however, it expects that there will not to be any significant impact on its financial statements.

Management anticipates that all of the above Standards and Interpretations will be adopted by the Company to the extent applicable to them from their effective dates. The adoption of these Standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company in the period of their initial application.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and taxes. The Company assesses its revenue arrangements against specific criteria in order to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods
Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer.

Rendering of services
Revenue from the installation of IT and related equipment is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of installation where the IT and related equipment need to pass through the customer's quality testing procedures as part of the installation.

Maintenance services
Revenue from maintenance and consultancy contracts is recognised evenly over the periods of the respective contracts.

Deferred income represents the amount invoiced to the customer against which the goods and services have not yet been provided.

Borrowing costs
Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest expense in the statement of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Equipment
Equipment is initially stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets as follows:

Computer	over 5 years

Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Expenditure incurred to replace a component of an item of equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost of spare parts and consumables is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. Damaged and obsolete inventories are written off.

i. Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances, amounts due from related parties and receivables.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial assets (continued)

Subsequent measurement
The measurement of financial assets depends on their classification as described below:

Accounts receivable and due from related parties
Accounts receivable and due from related parties are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Company has transferred substantially all the risks and rewards of the asset, or (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets
The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income.

Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities within the payables scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include accounts payable and accruals, amounts due to related parties and loan from related parties.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Accounts payable, accruals and due to related parties
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Current versus non-current classification
The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

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

All other assets are classified as non-current. A liability is current when:

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

The Company classifies all other liabilities as non-current.
Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through amortisation process.

The amortisation is included as finance costs in the statement of profit or loss.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits
The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Leases
Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive or profit or loss are also recognised in other comprehensive income or profit or loss, respectively)..

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Use of estimates and judgments
The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the financial statements) are discussed in note 13.

4 PROFIT/ (LOSS) FOR THE YEAR

The profit/ (loss) for the year is stated after charging:

	2018 AED	*2017 AED*
Consultant costs	**12,432,254**	6,764,565
Employee cost:		
Cost of revenue	**2,462,287**	1,464,372
General and administrative expenses	**1,650,068**	1,322,885
	4,112,355	2,787,257
Inventories recognised in cost of revenue	**5,813,948**	9,159
Rental – operating leases	**246,997**	227,126
Depreciation (note 5)	**41,419**	28,200

5 EQUIPMENT

	Computer AED	*Total AED*
Cost:		
At 1 April 2017	156,653	156,653
Additions	50,389	50,389
At 31 March 2018	**207,042**	**207,042**
Depreciation:		
At 1 April 2017	36,830	36,830
Charge for the year	41,419	41,419
At 31 March 2018	**78,249**	**78,249**
Net book value:		
At 31 March 2018	**128,793**	**128,793**

	Computer AED	*Total AED*
Cost:		
At 1 April 2016	90,602	90,602
Additions	66,051	66,051
At 31 March 2017	156,653	156,653
Depreciation:		
At 1 April 2016	8,630	8,630
Charge for the year	28,200	28,200
At 31 March 2017	36,830	36,830
Net book value:		
At 31 March 2017	119,823	119,823

6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2018 *AED*	*2017* *AED*
Trade receivables	**4,898,978**	7,392,675
Staff receivables	**246,197**	171,210
Prepayments	**141,355**	157,498
Deposits	**6,250**	6,250
	5,292,780	7,727,633

As at 31 March 2018, trade receivables amounting to AED 241,046 (2017: AED 245,633) were impaired. Movement in the allowance for impairment of trade receivables were as follows:

	2018 *AED*	*2017* *AED*
At 1 April	**245,633**	203,115
Charge for the year	**-**	42,518
Written off during the year	**(4,587)**	-
At 31 March	**241,046**	245,633

As at 31 March, the ageing of unimpaired trade receivables is as follows:

	Total *AED*	*Neither past due nor impaired* *AED*	*Past due but not impaired*				
			<30 days *AED*	*31 – 60 days* *AED*	*61 – 150 days* *AED*	*151 – 365 days* *AED*	*> 365 days* *AED*
2018	**4,898,978**	**3,742,416**	**36,597**	**-**	**115,033**	**995,304**	**9,628**
2017	7,392,675	5,433,893	1,692,733	227,793	23,355	14,901	-

Trade receivables are non-interest bearing and are generally on 30 day terms, see note 11 on credit risk disclosure for further guidance.

7 SHARE CAPITAL

	2018 *AED*	*2017* *AED*
Authorised, issued and fully paid:		
3,650 shares (2017: 200 shares) of AED 1000 each	**3,650,000**	200,000

During the year, the share capital was increased by AED 3,450,000 by issue of 3,450 additional shares of AED 1,000.

8 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognized in the statement of financial position are as follows:

	2018 *AED*	*2017* *AED*
Balance at 1 April	**55,066**	23,459
Provided during the year	**80,845**	48,457
End of service benefits paid	**(10,827)**	(16,850)
Balance at 31 March	**125,084**	55,066

9 ACCOUNTS PAYABLE AND ACCRUALS

	2018 *AED*	*2017* *AED*
Trade payables	**14,070**	38,642
Accrued expenses	**826,027**	600,648
Deferred revenue	**-**	40,921
Other payables	**298,314**	1,138,421
	1,138,411	1,818,632

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of two to three months.

For explanations on the Company's liquidity risk management processes, refer to note 11.

10 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties represent transactions with the Ultimate Parent Company or entities owned by Ultimate Parent Company and are as follows:

	2018 *AED*	*2017* *AED*
Ultimate Parent Company		
Consulting charges	**386,526**	1,819,261
Service income	**866,037**	-
Parent Company and other related parties		
Consulting charges	**11,666,752**	1,642,463
Finance costs	**142,217**	144,915
	11,808,969	1,787,378
Service income	**4,050,350**	473,689

10 RELATED PARTY TRANSACTIONS (continued)

b) Balances with related parties included in the statement of financial position are as follows:

	2018		*2017*	
	Due from related parties AED	***Due to related parties AED***	*Due from related parties AED*	*Due to related parties AED*
Ultimate Parent Company	-	**4,848,450**	309,787	4,957,946
Parent Company	-	-	-	30,095
Other related parties	**3,080,680**	**7,100,781**	3,350,539	7,469,081
At 31 March	**3,080,680**	**11,949,231**	3,660,326	12,457,122

Outstanding balances at the year-end arise in the normal course of business, these are unsecured, interest free and settlement occurs in cash. For the year ended 31 March 2018, there was no impairment of amount owned by related parties (2017: AED Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

c) Loans from related parties
The Company has obtained loans from its Parent Company and a related party of AED 1,115,312 (2017: AED 1,101,870) and AED 38,714 (2017: AED 5,105,337), respectively for its operations. The loan carries interest at LIBOR plus 100 basis points, is unsecured and repayable on demand.

d) Compensation of key management personnel:
The key management functions are performed by a related party and no costs are recharged to the Company for these services.

11 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks i.e. interest rate risk, credit risk, liquidity risk and currency risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's principal financial liabilities comprise accounts payable and accruals, due to related parties and loans from related parties. The Company has various financial assets such as trade receivables, amounts due from related parties and bank balances which arise directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The main risk arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk
Credit risk refers to the risk arising from default by a counterparty on its contractual obligations resulting in financial loss to the Company.

11 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Company is exposed to credit risk on its bank balances, trade receivables, amounts due from related parties, staff receivables and deposits which are as follows:

	2018 AED	*2017 AED*
Bank balances	**8,562,509**	768,899
Trade receivables	**4,898,978**	7,392,675
Amounts due from related parties	**3,080,680**	3,660,326
Deposits	**6,250**	6,250
Staff receivables	**246,197**	171,210
	16,794,614	11,999,360

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by ensuring funds from the related parties are available. Trade payables are normally settled within 30 to 60 days of the date of purchase.

At 31 March 2018

	Less than 3 months AED	*3 to 12 months AED*	*Total AED*
Accounts payable and accruals	**1,138,411**	-	**1,138,411**
Amounts due to related parties	**11,949,231**	-	**11,949,231**
Loan from related parties	-	**1,176,876**	**1,176,876**
	13,087,642	**1,176,876**	**14,264,518**

At 31 March 2017

	Less than 3 months AED	*3 to 12 months AED*	*Total AED*
Accounts payable and accruals (excluding deferred revenue)	1,777,711	-	1,777,711
Amounts due to related parties	12,457,122	-	12,457,122
Loan from related parties	-	6,330,110	6,330,110
	14,234,833	6,330,110	20,564,943

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing liability (loans from related parties).

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

11 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's loss for one year, based on the floating rate financial liability held at 31 March.

There is no impact on the Company's equity.

	Increase/ (decrease) in basis points	*Effect on profit/(loss) for the year increase/(decrease) AED*
2018	**50**	**(5,770)**
	(50)	**5,770**
2017	50	(31,036)
	(50)	31,036

Currency risk
The Company is not exposed to significant currency risk as almost all the transactions and balances are denominated in USD or AED. AED is currently pegged to USD.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize value to the shareholder. No changes were made in the objective, policies or processes during the year ended 31 March 2018 and 31 March 2017.

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. Capital comprises share capital and accumulated losses, and is measured at equity of AED 2,698,034 as at 31 March 2018 (2017: deficiency of assets of AED 2,446,644).

12 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, amounts due from related parties, trade and other receivables. Financial liabilities consist of trade and other payables, amounts due to related parties and loans from related parties.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.

13 KEY SOURCES OF ESTIMATION UNCERTAINTY

Operating lease commitments-Company as lessee
The Company has entered into lease agreements for its offices. The Company has determined, based on an evaluation of the terms and conditions of the lease agreements, that the Company will not be able to obtain the ownership by the end of the lease term and so accounts for the lease contracts as operating leases.

Contract cost estimation and revenue recognition for contracts
Revenue from contracts is recognized in the statement of comprehensive income when the outcome of a contract can be reliably estimated, using the percentage of completion method. The measurement of contract revenue is affected by a variety of uncertainties including cost estimation that depend on the outcome of future events. The cost estimates often need to be revised as events occur and uncertainties are resolved. Therefore, cost estimates may increase or decrease in future.

13 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of trade receivables
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade receivables were AED 5,140,024 (2017: AED 7,638,308), and provision for doubtful debts was AED 241,046 (2017: AED 245,633). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the statement of comprehensive income.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the statement of financial position date, gross inventories were AED 24 (2017: AED 5,814,702) and no provision for old and obsolete inventories (2017: AED Nil). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Useful lives of equipment
The Company's management determines the estimated useful lives of its equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.