




**IL&FS Global Financial Services (ME) Limited
Dubai International Financial Centre
Dubai - United Arab Emirates**

**Reports and financial statements
for the year ended 31 March 2018**

IL&FS Global Financial Services (ME) Limited

 Office no 402 & 403, Tower 1, Currency House PO BOX - 482084 DIFC, Dubai, UAE


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IL&FS Global Financial Services (ME) Limited

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IL&FS Global Financial Services (ME) Limited

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Directors' report for the year ended 31 March 2018

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements for the year ended 31 March 2018.

Principal activities and review of the business

IL&FS Global Financial Services (ME) Limited (the "Company") is a limited liability company registered and incorporated in the Dubai International Financial Centre in Dubai, United Arab Emirates. The Company was incorporated on 27 February 2011 and was granted a "Category 4" license on 18 April 2011 by the Dubai Financial Services Authority (DFSA) and is engaged in advising on investments, arranging deals in investments and making arrangements with a view to transactions in investments.

IL&FS Global Financial Services (ME) Limited is a 100% owned subsidiary of IL&FS Financial Services Limited (IFIN), one of India's leading non-banking financial companies providing a wide range of financial and advisory solutions.

Business review

The Company began its operations in the financial year 2011 and has made significant progress on the closure of advisory mandates during the current financial year and is focused on to achieving robust growth using its marketing strength and existing relationship base built from its inception.

Going concern basis

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results

The Company earned fee income of US\$ 2,298,400 during the year ended 31 March 2018 (2017: US\$ 1,960,610) and achieved a net profit of US\$ 189,746 (2016: US\$ 595,786).




Dividend

The Directors do not recommend any dividend for the current year.

There is only one class of equity shares as at 31 March 2017 and 2018.

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**Directors' report
for the year ended 31 March 2018 (continued)**
Directors

The Directors of the Company at the year ended 31 March 2018 are as follows:

- (i) Mr. Ravi Parthasarthy
- (ii) Mr. Surinder Singh Kohli
- (iii) Mr. Ramesh C. Bawa
- (iv) Mr. Milind N. Patel (Resigned on 31 March 2018)
- (v) Mr. Shahzaad Dalal (Resigned on 23 June 2016)
- (vi) Mr. Rajesh Kotian
- (vii) Mr. Murugan Sankaran

Directors' interest

The Directors of the Company holding office during the financial period had no interests in the share capital of the Company and related corporations, except as follows:

| <u>Name of Directors and Companies in which interests are held</u> | <u>Shareholdings registered in name of Directors</u> | | <u>Directors are deemed to have an interest</u> | |
|---|--|---------------------------|---|---------------------------|
| | <u>At beginning of year</u> | <u>At end of year</u> | <u>At beginning of year</u> | <u>At end of year</u> |
| Infrastructure Leasing and Financial Services Limited ("IL&FS") [a] (Ordinary shares) | | | | |
| Mr. Ravi Parthasarathy | 81,825 | 81,825 | - | - |
| Mr. Ramesh C. Bawa | 45,366 | 45,366 | - | - |
| Mr. Milind N. Patel | 3,027 | 3,027 | - | - |
| Mr. Shahzad Dalal | - | - | - | - |
| Mr. Rajesh Kotian | 2,800 | 2,800 | - | - |

[a] Infrastructure Leasing and Financial Services Limited (IL&FS) is the Ultimate Parent of the Company.

IL&FS Investment Managers Limited ("IIML") [b]

(Ordinary shares)

| | | | | |
|------------------------|-----------|-----------|---|---|
| Mr. Ravi Parthasarathy | 1,350,000 | 1,350,000 | - | - |
| Mr. Milind N. Patel | 112,500 | - | - | - |
| Mr. Shahzad Dalal | - | - | - | - |

**Directors' report
for the year ended 31 March 2018 (continued)**
Directors' interest (continued)
Shareholdings in which
**Name of Directors and Companies
in which interests are held**
**Shareholdings registered
in name of Directors**
**Directors are deemed
to have an interest**
**At beginning
of year**
**At end
of year**
**At beginning
of year**
**At end
of year**
IL&FS Transportation
Networks Limited ("ITNL") [b]

(Ordinary shares)

| | | | | |
|------------------------|---------|---------|---|---|
| Mr. Ravi Parthasarathy | 533,061 | 533,061 | - | - |
| Mr. Ramesh C. Bawa | 579,796 | 579,796 | - | - |
| Mr. Milind N. Patel | 49,911 | 49,911 | - | - |
| Mr. Rajesh Kotian | 2,500 | 2,500 | - | - |
| Mr. Shahzaad Dalal | 185,012 | - | - | - |

Noida Toll Bridge Company Limited [b]

(Ordinary shares)

| | | | | |
|------------------------|---------|---------|---|---|
| Mr. Ravi Parthasarathy | 35,000 | 35,000 | - | - |
| Mr. Ramesh C. Bawa | 130,000 | 130,000 | - | - |

IL&FS Technologies Limited [b]

(Ordinary shares)

| | | | | |
|------------------------|--------|--------|---|---|
| Mr. Ravi Parthasarathy | 20,000 | 20,000 | - | - |
|------------------------|--------|--------|---|---|

[b] These are companies under common management and control of the Ultimate Parent.

Financial control

The Directors acknowledge responsibility for the Company's system of internal financial control and believe the established systems including the computerisation of the Company's financial statements are appropriate to the business. No material losses or contingencies have arisen during the year that would require disclosure by the Directors.

Risk management

The Company's risk management policies and exposure in relation to the respective risks are detailed in Note 17 to the financial statements.

IL&FS Global Financial Services (ME) Limited

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**Directors' report
for the year ended 31 March 2018 (continued)****Auditor**

Each of the person who is a Director at the date of approval of this Annual Report confirms that:

- (i) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (ii) The Director has taken all steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

KPMG LLP has expressed their willingness to continue in office as auditor of the Company and the resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.




**Approved by the Board of Directors on 26 April 2018
and signed on its behalf by**



.....
**Murugan Sankaran
Director**

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Independent Auditors' Report

To the Shareholder of IL&FS Global Financial Services (ME) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IL&FS Global Financial Services (ME) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Dubai International Financial Centre ("DIFC") 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.

Other Matter

The financial statements of the Company as at and for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 24 April 2017.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report.



Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009, 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.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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:



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' 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 those charged with governance 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 legal and regulatory requirements

We further report that the financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

KPMG LLP

KPMG

Muhammad Amjad Amin
Dubai, United Arab Emirates
Date: **26 APR 2018**

**Statement of financial position
as at 31 March 2018**

| | Note | 2018 US\$'000 | 2017 US\$'000 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 5 | 25 | 49 |
| Intangible assets | 6 | 5 | 8 |
| Total non-current assets | | 30 | 57 |
| Current assets | | | |
| Trade and other receivables | 7 | 564 | 1,966 |
| Due from related parties | 8 | 1,483 | 14 |
| Cash and cash equivalents | 9 | 1,813 | 1,639 |
| Total current assets | | 3,860 | 3,619 |
| Total assets | | 3,890 | 3,676 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 10 | 800 | 800 |
| Retained earnings | | 2,715 | 2,526 |
| Total equity | | 3,515 | 3,326 |
| Non-current liability | | | |
| Provision for employees' end of service indemnity | 11 | 186 | 169 |
| Current liabilities | | | |
| Accrued and other payables | 12 | 166 | 172 |
| Due to a related party | 8 | 23 | 9 |
| Total current liabilities | | 189 | 181 |
| Total liabilities | | 375 | 350 |
| Total equity and liabilities | | 3,890 | 3,676 |



.....

Director
26 APR 2018

The accompanying notes was form an integral part of these financial statements.
The independent auditors report is set out on page 5-7

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**Statement of profit or loss and other comprehensive income
for the year ended 31 March 2018**

| | Note | 2018 US\$'000 | 2017 US\$'000 |
|--|------|------------------|------------------|
| Revenue | 13 | 2,302 | 1,961 |
| General and administrative expenses | 14 | (2,113) | (1,365) |
| Profit for the year | | 189 | 596 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 189 | 596 |

The accompanying notes was form an integral part of these financial statements.
The independent auditors report is set out on page 5-7

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**Statement of changes in equity
for the year ended 31 March 2018**

| | Share capital US\$'000 | Retained earnings US\$'000 | Total US\$'000 |
|---|---------------------------------------|---|---------------------------|
| Balance as at 1 April 2016 | 800 | 1,930 | 2,730 |
| Total comprehensive income for the year | - | 596 | 596 |
| Balance as at 31 March 2017 | 800 | 2,526 | 3,326 |
| Total comprehensive income for the year | - | 189 | 189 |
| Balance as at 31 March 2018 | 800 | 2,715 | 3,515 |

The accompanying notes was form an integral part of these financial statements.
The independent auditors report is set out on page 5-7

**Statement of cash flows
for the year ended 31 March 2018**

| | Note | 2018 US\$'000 | 2017 US\$'000 |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 189 | 596 |
| Adjustments for: | | | |
| Provision for employees' end of service indemnity | | 70 | 56 |
| Depreciation of property and equipment | 5 | 27 | 29 |
| Amortisation of intangible assets | 6 | 3 | 4 |
| Provision for trade and other receivable | 7 | 296 | 39 |
| Provision for due from related parties | 8 | 2 | - |
| | | <hr/> | <hr/> |
| Operating cash flows before changes in operating assets and liabilities | | 587 | 724 |
| Decrease/ (Increase) in trade and other receivables | 7 | 1,104 | (976) |
| (Increase) / Decrease in due from related parties | 8 | (1,469) | 744 |
| Decrease/ (Increase) in accrued and other payables | | (6) | 18 |
| Increase in due to a related party | | 14 | - |
| Employees' end of service benefit paid | | (53) | - |
| | | <hr/> | <hr/> |
| Net cash generated from operating activities | | 177 | 510 |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 5 | (3) | (7) |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | (3) | (7) |
| | | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | | 174 | 503 |
| Cash and cash equivalents at beginning of the year | | 1,639 | 1,136 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of the year | 9 | 1,813 | 1,639 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes was form an integral part of these financial statements.
The independent auditors report is set out on page 5-7

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
1. Legal status and principal activity

IL&FS Global Financial Services (ME) Limited (the “Company”) is a limited liability company registered and incorporated in the Dubai International Financial Centre in Dubai, United Arab Emirates. The Company was incorporated on 27 February 2011 and was granted a “Category 4” license on 18 April 2011 by the Dubai Financial Services Authority (DFSA) and is engaged in providing financial advisory services as per the provisions of the DFSA Prudential Rulebook. The Company is a wholly owned subsidiary of IL&FS Financial Services Limited (IFIN), India (the “Parent Company”).

The address of the Company’s registered office is Currency House Tower 1, Units 402 and 403, DIFC, P.O. Box 482084, Dubai, United Arab Emirates.

The Company’s principal activities are arranging credit or deals in investments and advising on financial products or credit.

2. Basis of preparation
a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

b. Basis of measurement

These financial statements are prepared under the historical cost convention.

c. Functional and presentational currency

Items included in the financial statements of the Company are measured and presented in United States Dollars (“USD”) which is the Company’s functional currency, rounded to the nearest thousand.

d. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the future years if the revision affects both current and future years.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 4 to the financial statements.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**

3. Significant accounting policies

The accounting policies set out below have been consistently applied to items that are considered material in relation to the Company’s financial statements.

a. New standards and interpretations not yet effective

A number of new standards or amendments to standards are effective for annual periods beginning after 1 January 2017, and have not been early adopted in preparing these financial statements. Those which might be relevant to the Company are stated below. The Company does not plan to adopt these standards early.

| Standards | Description | Effective |
|------------------|---------------------------------------|----------------------------|
| IFRS 15 | Revenue from Contracts with Customers | (effective 1 January 2018) |
| IFRS 9 | Financial Instruments (2014) | (effective 1 January 2018) |
| IFRS 16 | Leases | (effective 1 January 2019) |

IFRS 15 Revenue from Contracts with Customers

On 28 May, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces the previous revenue standard IAS 18 Revenue, and the related Interpretations on revenue recognition. The standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards and provides a single principle based framework to be applied to all contracts with customers that are in scope of the standard. Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

Based on assessment performed, management believes that there won’t be any material impact on the opening retained earnings of the Company as at 1 January 2018 due to the adoption of this standard.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**

3. Significant accounting policies (continued)

a. New standards and interpretations not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Classification – Financial Assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to designate the instrument under the classification of FVTOCI with subsequent changes in fair value being recorded in other comprehensive income. This election is made on an investment-by-investment basis.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
3. Significant accounting policies (continued)
a. New standards and interpretations not yet effective (continued)
IFRS 9 Financial Instruments (continued)

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL

Impairment

The IFRS 9 expected credit loss (ECL) model is forward looking compared to the current incurred loss approach. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. ECL should reflect an unbiased, probability-weighted outcome as opposed to the single best estimate allowed under the current approach. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts.

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different than the current approach which estimates a collective allowance to recognize losses that have been incurred but not reported on performing loans.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**

3. Significant accounting policies (continued)

a. New standards and interpretations not yet effective (continued)

IFRS 9 Financial Instruments (continued)

Management has performed the impact assessment that would arise as a result of adoption of IFRS 9. As a result, management believes that there won't be any material impact of IFRS 9 on the classification as the financial instruments would continue to be measured at amortised cost. Further, while assessing the impact of impairment, management has considered the historical trend to determine the probability of default. And as such believes that the impact of ECL on the opening retained earnings as of 1 April 2018 would not be material.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will 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. Management is in still process of evaluating the potential impact of this standard on the financial statements.

b. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably, regardless of when the payment is made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from services

Revenue from services is recognised when the services have been rendered.

c. Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets from the date the asset is available for use. The useful life for current and comparative period is as follows:

| | <u>Years</u> |
|-------------------------|-----------------------|
| Lease hold improvements | over the lease period |
| Office equipment | 3 to 4 |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
3. Significant accounting policies (continued)
c. Property and equipment (continued)

For the remaining assets, depreciation is charged to income applying the reducing balance method at the rates specified.

| | |
|------------------------|-----------------|
| Furniture and fixtures | 18.10% - 13.91% |
|------------------------|-----------------|

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Expenditure incurred to replace a component of an item of property and 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 property and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

d. Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset. The software is amortised over a useful life of 5 years.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)****3. Significant accounting policies (continued)****f. Impairment of tangible and intangible assets**

At each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation loss.

An impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. .

g. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand and balances with banks

h. Foreign currency transactions

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars (USD), which is the functional currency of the Company, and the presentation currency of the financial statements.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are converted at the rates prevailing on the reporting date. Exchange differences arising on the settlement of monetary items, and on the conversion of monetary items, are included in the statement of profit or loss and other comprehensive income.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
3. Significant accounting policies (continued)
i. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

j. Financial instruments

Financial assets are recognised on the Company's statement of financial position when the Company has become a party to the contracted provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

The Company's loans and receivables comprise trade and other receivables (excluding prepaid expenses and advances) and balances due from related parties and are measured at amortised cost using effective interest rate method, less any impairment. Appropriate allowances for estimated receivable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of past event, the estimated future cash flows of the investment have been affected.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
3. Significant accounting policies (continued)
j. Financial instruments (continued)
Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through statement of profit or loss and other comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

Financial liabilities and equity instruments
Initial recognition and measurement

Financial liabilities include due to related parties and accrued expense and are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, and through the amortisation process.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
3. Significant accounting policies (continued)
j. Financial instruments (continued)
Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

k. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable 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 liability simultaneously. Income and expense will not be offset in the statement of income unless required or permitted by IFRS

l. 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m. Staff terminal benefits

The Company provides end of service benefits to its employees calculated in accordance with the Employment Law-DIFC, Law No.4 of 2005. The entitlement to these benefits is based upon the employees' final 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.

4. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management is required to make judgements, 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.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
4. Critical accounting judgement and key sources of estimation uncertainty (continued)

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from rendering services as set out in International Accounting Standard (IAS) 18: *Revenue*. Management has judged that revenue has been recognised only when the outcome of the transactions involving the rendering of services can be estimated reliably. In making this judgment, management considers that the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Key sources of estimation uncertainty

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

Useful lives of property and equipment

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

Allowance for doubtful debts

Allowance for doubtful debts is determined based upon a combination of factors to ensure that the trade receivables are not overstated due to un-collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, and continuing credit evaluation of the customers' financial condition. Also, specific provisions for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Leasehold improvements

The Company's management determines the estimated useful lives and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Company will renew its annual lease over the estimated useful life of the leasehold improvement. The depreciation charge could change should the annual lease not be renewed. Management will increase the depreciation charge where useful lives are less than previously estimated.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
5. Property and equipment

| | Leasehold improvements US\$'000 | Office equipment US\$'000 | Furniture and fixtures US\$'000 | Total US\$'000 |
|---------------------------------|---------------------------------------|---------------------------------|--|-------------------|
| Cost | | | | |
| At 1 April 2016 | 135 | 27 | 46 | 208 |
| Additions | - | 7 | - | 7 |
| | <u>135</u> | <u>34</u> | <u>46</u> | <u>215</u> |
| At 31 March 2017 | 135 | 34 | 46 | 215 |
| Additions | - | 3 | - | 3 |
| | <u>135</u> | <u>37</u> | <u>46</u> | <u>218</u> |
| At 31 March 2018 | 135 | 37 | 46 | 218 |
| Accumulated depreciation | | | | |
| At 1 April 2016 | 93 | 18 | 26 | 137 |
| Charge for the year | 20 | 6 | 3 | 29 |
| | <u>113</u> | <u>24</u> | <u>29</u> | <u>166</u> |
| At 31 March 2017 | 113 | 24 | 29 | 166 |
| Charge for the year | 19 | 5 | 3 | 27 |
| | <u>132</u> | <u>29</u> | <u>32</u> | <u>193</u> |
| At 31 March 2018 | 132 | 29 | 32 | 193 |
| Net carrying amount | | | | |
| At 31 March 2018 | 3 | 8 | 14 | 25 |
| At 31 March 2017 | 22 | 10 | 17 | 49 |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
6. Intangible assets

| | Software US\$'000 |
|---------------------------------|------------------------------|
| Cost | |
| At 1 April 2016 | 19 |
| Additions | - |
| At 31 March 2017 | <u>19</u> |
| At 31 March 2018 | <u>19</u> |
| Accumulated amortisation | |
| At 1 April 2016 | 7 |
| Charge for the year | 4 |
| At 31 March 2017 | <u>11</u> |
| Charge for the year | 3 |
| At 31 March 2018 | <u>14</u> |
| Net carrying amount | |
| At 31 March 2018 | <u>5</u> |
| At 31 March 2017 | <u>8</u> |

7. Trade and other receivables

| | 2018 US\$'000 | 2017 US\$'000 |
|------------------------------------|--------------------------|------------------|
| Trade receivables | 904 | 2,011 |
| Less: Allowance for doubtful debts | (432) | (136) |
| | <u>472</u> | <u>1,875</u> |
| Prepayments | 49 | 42 |
| Deposits | 35 | 35 |
| Advances | 8 | 14 |
| | <u>564</u> | <u>1,966</u> |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
7. Trade and other receivables (continued)

The average credit period on trade receivables is 12 days (2017: 45 days). Trade receivable balances carry no interest and the fair value of the asset approximates the carrying amount. Of the total balance of trade receivable at the end of reporting period, 4 customers represent 87% of the total balance (2017: 4 customers represent 93% of the total balance). There are no other customers exceeding 30% of the total trade receivables. The Company does not hold any collateral over these balances.

Included in the Company's trade receivable balance are receivables with a carrying amount of US\$ 469 thousand (2017: US\$ 865 thousand) which are past due at the reporting date for which the Company has not provided an allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

| | 2018 US\$'000 | 2017 US\$'000 |
|--|------------------|------------------|
| <i>Ageing of past due but not impaired:</i> | | |
| Over due by: | | |
| 1 -30 days | 41 | 40 |
| 31 – 90 days | - | 376 |
| 91 – 180 days | - | - |
| 181 – 365 | - | 408 |
| Above 365 days | 432 | 41 |
| | <u>473</u> | <u>865</u> |
| <i>Movement in the allowance for doubtful debts:</i> | | |
| Balance at beginning of the year | 136 | 97 |
| Changes for the year recoveries | - | - |
| Impairment losses recognized on receivables | 296 | 39 |
| Balance at end of the year | <u>432</u> | <u>136</u> |

The management believes that no further credit allowance is required in excess of the allowance for doubtful debts.

| | 2018 US\$'000 | 2017 US\$'000 |
|--|------------------|------------------|
| <i>Ageing of impaired trade receivables:</i> | | |
| 181 – 365 | - | 136 |
| Above 365 days | 432 | - |
| | <u>432</u> | <u>136</u> |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
8. Related party transactions

During the year, the Company entered into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures* in the ordinary course of business at mutually agreed terms and conditions. Related parties comprise companies and entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

At the reporting date, due from/due to related parties were as follows:
At the reporting date, due from/due to related parties were as follows:

| | 2018 US\$'000 | 2017 US\$'000 |
|--|------------------|------------------|
| Due from related parties | | |
| <i>Companies under common management and control</i> | | |
| ITNL Infrastructure Developers Ltd, UAE | 53 | 6 |
| IL&FS Investment Advisors LLC, UAE | 34 | 8 |
| ITNL International Pte Ltd, Singapore | 926 | - |
| IL&FS Financial Services Ltd, India | 338 | - |
| ITNL International DMCC | 132 | - |
| | | |
| IL&FS Prime Terminal FZC, UAE | 2 | - |
| ITNL Infrastructure Developers LLC (Provision) | (2) | - |
| | 1,483 | 14 |
| | 1,483 | 14 |
| | | |
| Due to a related party: | | |
| IL&FS Financial Services Limited (IFIN), India | 9 | 9 |
| IL&FS Technologies Ltd, India | 13 | - |
| IL&FS Global Financial Services (UK) Ltd, London | 1 | - |
| | 23 | 9 |
| | 23 | 9 |

The balances with related parties are all unsecured, non-interest bearing and with no fixed repayment terms. The Company also provides funds to and receives funds from related parties, as and when required.

The nature of significant related party transactions and the amounts involved were as follows:

| | 2018 US\$'000 | 2017 US\$'000 |
|---|------------------|------------------|
| Revenue | 1,998 | - |
| Legal and professional expenses (Note 14) | 330 | - |
| Service charges (Note 14) | 32 | 28 |
| | 2,360 | 28 |
| | 2,360 | 28 |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
8. Related party transactions (continued)
Compensation of key management personnel

| | 2018 US\$'000 | 2017 US\$'000 |
|---------------------|------------------|------------------|
| Short term benefits | 262 | 256 |
| Long term benefits | 23 | 24 |
| | <u>285</u> | <u>280</u> |

9. Cash and cash equivalents

| | 2018 US\$'000 | 2017 US\$'000 |
|----------------------------------|------------------|------------------|
| Bank balances – current accounts | 1,313 | 1,639 |
| Fixed Deposits with Bank | 500 | - |
| | <u>1,813</u> | <u>1,639</u> |

10. Share capital

The authorised share capital of the Company is 5,000,000 shares of US\$ 1 per share. The Company's issued share capital is US\$ 800,000 divided into 800,000 shares of US\$ 1 each. The total shareholding of the Company is owned by the Parent Company.

The liability of the Parent Company in the Company is limited to the extent of its share capital held by the Company.

11. Provision for employees' end of service indemnity

| | 2018 US\$'000 | 2017 US\$'000 |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 169 | 113 |
| Payment for the year | (53) | - |
| Amounts charged during the year | 70 | 56 |
| | <u>186</u> | <u>169</u> |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
12. Accrued and other payables

| | 2018 US\$'000 | 2017 US\$'000 |
|------------------|------------------|------------------|
| Accrued expenses | 35 | 56 |
| Other payables | 131 | 116 |
| | <u>166</u> | <u>172</u> |

13. Revenue

| | 2018 US\$'000 | 2017 US\$'000 |
|------------------|------------------|------------------|
| Consultancy fees | 2,299 | 1,961 |
| Other income | 3 | - |
| | <u>2,302</u> | <u>1,961</u> |

14. General and administrative expenses

| | 2018 US\$'000 | 2017 US\$'000 |
|---------------------------------------|------------------|------------------|
| Salaries and benefits | 984 | 948 |
| Rent | 136 | 136 |
| Legal and professional (Note 8) | 352 | 17 |
| Services Charges (Note 8) | 32 | 28 |
| Depreciation (Note 5) | 27 | 29 |
| Amortisation (Note 6) | 3 | 4 |
| Allowance for doubtful debts (Note 7) | 298 | 39 |
| Other* | 281 | 164 |
| | <u>2,113</u> | <u>1,365</u> |

*During the year ended 31 March 2018, the Company incurred expenses of US\$ 75 thousand in relation to adjustments to cash and cash equivalent on reconciling items from prior years.

15. Operating lease commitments

Operating leases relate to office space with a lease term of 5 years (2017: 7 years) with an option to extend. All operating lease contracts contain market review clauses in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased asset at the expiry of the lease period.

| | 2018 US\$'000 | 2017 US\$'000 |
|--|------------------|------------------|
| Minimum lease payments under operating leases recognised as an expense during the year | <u>136</u> | <u>136</u> |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
15. Operating lease commitments (continued)

At the end of the reporting date, the Company had outstanding commitments under operating leases, which fall due as follows:

| | 2018 US\$'000 | 2017 US\$'000 |
|-------------------|------------------|------------------|
| Within one year | 118 | 155 |
| One to five years | 471 | - |
| | 589 | 155 |

16. Financial instruments
a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

b) Categories of financial instruments

| | 2018 US\$'000 | 2017 US\$'000 |
|---|------------------|------------------|
| Financial assets at amortised cost: | | |
| Loans and receivables (including cash and cash equivalents) | 3,812 | 3,577 |
| Financial liabilities at amortised cost: | | |
| Accrued and other payables | 189 | 181 |

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities at year end approximate their carrying amounts in the statement of financial position.

17. Financial risk management
Introduction and overview

The Company's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as credit risk, exchange rate risk and liquidity risk.

Risk management framework

The risk management framework sets out a risk governance and ownership structure to ensure oversight of and accountability for effective management of risk at all entity levels.

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
17. Financial risk management (continued)

However, the primary responsibility for managing risk rests with the Directors of the Company. The Directors have the responsibility to cascade the Company's risk management policies which are designed to support the formulation of risk appetite, guide employees and establish procedures for monitoring and controlling risk with timely and reliable reporting to the Board. The Company regularly reviews and updates its risk management policies and systems to reflect changes in markets, products and emerging best practice which are then cascaded to the Company.

a. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is controlled by counterparty limits that are reviewed and approved by the management.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and due from related parties. The credit risk on liquid funds is limited because the counterparties are reputable banks registered in the respective countries.

Cash and cash equivalents are held with financial institutions within the U.A.E.

Following is the breakdown of industry-wise exposure of trade and other receivables and due from related parties:

| <i>Industry Wise</i> | 2018 US\$'000 | 2017 US\$'000 |
|----------------------|-------------------------|------------------|
| Energy | | |
| Hospitality | 20 | 40 |
| Infrastructure | 261 | 613 |
| Finance | 1,302 | 1,219 |
| Energy | 373 | 8 |
| Environment | - | 9 |
| | 1,956 | 1,889 |

Following is the breakdown of industry-wise exposure of trade and other receivables and due from related parties:

| <i>Country Wise</i> | 2018 US\$'000 | 2017 US\$'000 |
|----------------------|-------------------------|------------------|
| United Arab Emirates | 691 | 1,889 |
| Singapore | 927 | - |
| India | 338 | - |
| | 1,956 | 1,889 |

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
17. Financial risk management (continued)
b. Market risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will reduce the Company's income or the value of its portfolios. Market risk arises principally from mismatches between the future yield on assets and their funding cost, as a result of interest rate changes.

Interest rate risk

The Company is not exposed to interest rate risk.

Currency risk

The Company is not currently exposed to any significant foreign currency risk as all its assets and liabilities are in USD and / or AED, which is currently pegged to USD.

c. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows. All of the Company's financial liabilities are due within the next 12 months period.

d. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

18. Fair value

The Management believes that the carrying value of financial assets and liabilities in the statement of financial position represents a reasonable approximation of their fair values.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**
18. Fair value (continued)
Fair value hierarchy (continued)

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

All financial assets and liabilities are stated at amortised cost or historical cost. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date as the majority of them going to be received/settled in the short term (i.e. less than 1 year). Furthermore the majority of them qualify for level 3 within the fair value hierarchy, with the exception of cash at bank which is level 2.

19. Capital risk management

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed regulatory capital requirements and that the Company maintains healthy capital ratios in order to support its business and to maximize shareholder's value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies and processes from the previous years.


Capital resources as defined by the DFSA Prudential Rulebooks are as follows:




| | 2018 | 2017 |
|----------------------------------|-----------------|-------------|
| | US\$'000 | US\$'000 |
| Share capital | 800 | 800 |
| Retained earnings | 2,715 | 2,526 |
| | <hr/> | <hr/> |
| Tier 1 Capital | 3,515 | 3,326 |
| Less: Intangible assets | (5) | (8) |
| | <hr/> | <hr/> |
| Total adjusted capital resources | 3,510 | 3,318 |
| | <hr/> <hr/> | <hr/> <hr/> |

Capital requirement applicable to the Company in accordance with PIB Rule 3.5 of the DFSA Prudential Rulebook is the highest of:

| | 2018 | 2017 |
|--|-----------------|----------|
| | US\$'000 | US\$'000 |
| Base capital requirement | 10 | 10 |
| Expenditure based capital requirement - as notified by the DFSA | 144 | 144 |
| Expenditure based capital requirement - based on actual expenses | 159 | 141 |

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Regulated by the DFSA

**Notes to the financial statements
for the year ended 31 March 2018 (continued)**

20. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2018.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements.