RSM Dahman
Auditors·Accountants·Advisors

Office 3110, The Burlington Tower, Al Abraj Street, Business Bay,
P.O. Box 11855, Dubai, U.A.E.
T: +(971) 4 554 7423 F: +(971) 4 362 6238
www.rsmdahman.com

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED**

We have audited the accompanying financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company") which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements for the year ended 31 March 2014 were audited by another auditor whose audit report dated 29 April 2014 expressed an unqualified audit opinion.

*Directors' Responsibility for the Financial Statements*

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the applicable provisions of the Dubai Financial Services Authority (DFSA) Prudential Rulebooks, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Shareholder of the Company as a body, for our audit work, for this report, or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

*Contd...*

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*Independent Auditor's Report continued…*

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

RSM Dahman

Signed by

RSM Dahman

Basab Deb
Partner
No. I006056

P.O.Box: 11955, Dubai - U.A.E.
RSM Dahman
Accountants - Auditors - Consultants

23 April 2015
Dubai, United Arab Emirates

## STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

| | Note | 2015 AED | 2014 AED |
|---|---|---|---|
| **ASSETS** | | | |
| NON CURRENT ASSETS | | | |
| Furniture and equipment | 4 | 60,794 | 98,332 |
| CURRENT ASSETS | | | |
| Due from related parties | 5a | 251,991 | 194,491 |
| Other receivables and prepayments | 6 | 193,154 | 210,966 |
| Bank balances | 7 | 1,680,130 | 427,241 |
| | | 2,125,275 | 832,698 |
| **Total assets** | | **2,186,069** | **931,030** |
| **EQUITY AND LIABILITIES** | | | |
| EQUITY | | | |
| Share capital | 8 | 3,370,682 | 3,370,682 |
| Accumulated losses | | (1,386,557) | (2,568,546) |
| Total equity | | 1,984,125 | 802,136 |
| NON-CURRENT LIABILITIES | | | |
| Employees' end of service benefits | 9 | 137,328 | 100,844 |
| CURRENT LIABILITIES | | | |
| Payables and accruals | 10 | 64,616 | 28,050 |
| **Total equity and liabilities** | | **2,186,069** | **931,030** |

Independent auditors' report on pages (2) and (3).

Santhosh Thyagarajan
Senior Executive Officer
23 April 2015

The attached notes 1 to 16 form part of these financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

| | Note | 2015 AED | 2014 AED |
|---|---|---|---|
| INCOME | | | |
| Revenue | 11 | 4,404,000 | 2,752,500 |
| Interest income | | 199 | 191 |
| | | 4,404,199 | 2,752,691 |
| EXPENSES | | | |
| General and administrative expenses | 12 | 3,222,210 | 3,454,305 |
| PROFIT / (LOSS) FOR THE YEAR | | 1,181,989 | (701,614) |
| OTHER COMPREHENSIVE INCOME | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Other comprehensive income | | - | - |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | | - | - |
| *Items that may be reclassified subsequently to profit and loss:* | | | |
| *Net other comprehensive income to be reclassified subsequently to profit or loss* | | - | - |
| **TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR** | | 1,181,989 | (701,614) |

The attached notes 1 to 16 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

| | *Share capital AED (Note 8)* | *Accumulated losses AED* | *Total AED* |
|---|---|---|---|
| Balance at 1 April 2013 | 3,370,682 | (1,866,932) | 1,503,750 |
| *Comprehensive income* | | | |
| Loss for the year | - | (701,614) | (701,614) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (701,614) | (701,614) |
| *Transactions with owners* | - | - | |
| Total transactions with owners | - | - | - |
| Balance at 31 March 2014 | 3,370,682 | (2,568,546) | 802,136 |
| *Comprehensive income* | | | |
| Profit for the year | - | 1,181,989 | 1,181,989 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 1,181,989 | 1,181,989 |
| *Transactions with owners* | | | |
| Total transactions with owners | - | - | - |
| **Balance at 31 March 2015** | **3,370,682** | **(1,386,557)** | **1,984,125** |

The attached notes 1 to 16 form part of these financial statements.

## STATEMENT OF CASH FLOWS
For the year ended 31 March 2015

| | 2015<br>AED | 2014<br>AED |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit / (Loss) for the year | 1,181,989 | (701,614) |
| Adjustments for: | | |
| Depreciation | 37,538 | 37,538 |
| Finance charges | 1,881 | 1,961 |
| Interest income | (199) | (191) |
| Net movements in provision for employees' end of service benefits | 36,484 | 25,934 |
| | 1,257,693 | (636,372) |
| Working capital changes: | | |
| Increase in due from related parties | (57,500) | (178,984) |
| Decrease in other receivables and prepayments | 17,812 | 144,336 |
| Increase / (decrease) in payables and accruals | 36,566 | (4,235) |
| Cash generated from / (used in) operations | 1,254,571 | (675,255) |
| Finance charges paid | (1,881) | (1,961) |
| Interest income | 199 | 191 |
| Net cash generated from / (used in) operating activities | 1,252,889 | (677,025) |
| **INVESTING ACTIVITIES** | | |
| Net cash used in investing activities | - | - |
| **FINANCING ACTIVITIES** | | |
| Net cash used in financing activities | - | - |
| **INCREASE / (DECREASE) IN BANK BALANCES** | 1,252,889 | (677,025) |
| Cash and cash equivalents at the beginning of the year | 427,241 | 1,104,266 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | 1,680,130 | 427,241 |
| **Represented by:** | | |
| Bank balances | 1,680,130 | 427,241 |

The attached notes 1 to 16 form part of these financial statements.

## 1 LEGAL STRUCTURE AND PRINCIPAL ACTIVITIES

IIFL Private Wealth Management (Dubai) Limited ("the Company") was established as a limited liability company on 28 September 2010 under the Companies Law, DIFC Law No. (2) of 2009. On 31 October 2010, the Company was authorized and licensed by the Dubai Financial Services Authority (DFSA).

The Company has been granted a prudential "Category 4" license by Dubai Financial Services Authority (DFSA) and is engaged in the business of arranging credit or deals in investments and advising on financial products or credit. The Company is wholly owned by IIFL Wealth Management Limited ("the Parent Company"), a company incorporated in India.

The registered office of the Company is office no. 808, Liberty House, Dubai International Financial Center, Dubai, UAE and its postal address is P.O. Box 115064, Dubai, UAE.

The financial statements were authorized for issue in accordance with a resolution of the Directors on 23 April 2015.

## 2 BASIS OF PREPARATION

The financial statements have prepared under the historical cost convention and have been presented in UAE Dirhams, which is the Company's functional and presentation currency.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and applicable provisions of the DFSA Prudential Rulebooks.

## 3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

a) *New and amended standards, and interpretations issued but not yet effective and not early adopted:*

The following standards, amendments and interpretations effective from 1 April 2014 are as follows:

- Amendments to IAS 32 titled Offsetting Financial Assets and Financial Liabilities (issued in December 2011)
- Amendments to IAS 36 titled Recoverable Amount Disclosures for Non-Financial Assets (issued in May 2013)
- Amendments to IAS 39 titled Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013)
- Amendments to IFRS 10, IFRS 12 and IAS 27 titled Investment Entities (issued in October 2012)
- IFRS 9 Financial Instruments (issued in November 2009 and amended in October 2010)
- IFRIC 21 Levies (issued in May 2013)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted.

## 3.2 SIGNIFICANT ACCOUNTING POLICIES

Furniture and equipment

Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation of furniture and equipment are charged using the straight line method so as to provide for the full cost of assets over their estimated useful lives. The principal categories of assets and their estimated useful lives are as follows:

| | Years |
|---|---|
| Office equipment | 5 |
| Furniture and fixtures | 5 |

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

## 3.2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

*Initial recognition and measurement:*

The Company recognizes financial assets on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets are recognized at fair value which is normally the transaction price.

*Subsequent measurement:*

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

a) *Financial assets at fair value through profit and loss:* Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives. All changes in fair value relating to assets at fair value through profit and loss are charged to the statement of profit or loss and other comprehensive income as incurred.

   For the year ended on 31 March 2015, the Company did not carry any financial assets classified in this category.

b) *Loans and receivables:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at cost minus any reduction for impairment or un-collectability. The amount of loss is recognized in the statement of profit or loss and other comprehensive income.

   Typically, amount due from related party and other receivables are included in this category.

c) *Held to maturity financial assets:* These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

   For the year ended on 31 March 2015, the Company did not carry any financial assets classified in this category.

d) *Available for sale financial assets:* These are non-derivative financial assets that are designated either as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available for sale financial assets are recognized directly in equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss.

   For the year ended on 31 March 2015, the Company did not carry any financial assets classified in this category.

Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the profit or loss. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;

(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

## 3.2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

*Initial recognition and measurement:*

The Company recognizes financial liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial liabilities are recognized at fair value which is normally the transaction price.

*Subsequent measurement:*

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

a) *Liabilities at fair value through profit and loss:* Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives. All changes in fair value relating to liabilities at fair value through profit and loss are charged to profit or loss.

   For the year ended on 31 March 2015, the Company did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

b) *Other financial liabilities:* All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

   Typically, other payables are included in this category.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances.

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually 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.

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, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue represents income from marketing support and referral services, and is recognised in accordance with the terms of the contract.

Foreign currencies

Transactions in foreign currencies are recorded in AED at the approximate rates of exchange prevailing at the time of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of statement of financial position. All differences are taken to the statement of profit or loss and other comprehensive income.

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.

## 3.2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Most significant accounting estimates and judgments

In preparing its financial statements in conformity with International Financial Reporting Standards, the Company has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions to ensure that they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates. Key judgment, estimates and assumptions are subject to management approval.

At the reporting date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:

- *Estimated useful life*

  The Company follows the guidance of IAS 16 to determine estimated useful life of furniture and equipment. This determination requires significant judgment. In making this judgment, the management estimates the period over which an asset is expected to be available for use by the Company.

Contingencies

Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will be recognised as provision. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

## 4 FURNITURE AND EQUIPMENT

| | *Office equipment* *AED* | *Furniture and fixtures* *AED* | *Total* *AED* |
|---|---|---|---|
| *Cost:* | | | |
| Opening balance | 10,299 | 177,389 | 187,688 |
| Additions during the year | - | - | - |
| At 31 March 2014 | 10,299 | 177,389 | 187,688 |
| Additions during the year | - | - | |
| At 31 March 2015 | **10,299** | **177,389** | **187,688** |
| *Depreciation:* | | | |
| At 1 April 2013 | 1,558 | 50,260 | 51,818 |
| Charge for the year | 2,060 | 35,478 | 37,538 |
| At 31 March 2014 | 3,618 | 85,738 | 89,356 |
| Charge for the year | 2,060 | 35,478 | 37,538 |
| At 31 March 2015 | **5,678** | **121,216** | **126,894** |
| *Net carrying amounts:* | | | |
| At 31 March 2014 | 6,681 | 91,651 | 98,332 |
| At 31 March 2015 | **4,621** | **56,173** | **60,794** |

## 5 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders and key management personnel of the Company, 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.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Revenue – marketing support fees (Note 11) | 4,404,000 | 2,202,000 |
| Revenue – referral fees (Note 11) | - | 550,500 |
| Remuneration to a director (Note 12) | 1,014,000 | 827,448 |
| Remuneration to key management personnel (Note 12) | 1,055,582 | 1,135,958 |

## 5(a) DUE FROM RELATED PARTIES

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

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| IIFL Holding Ltd (Ultimate Parent Company) | 248,491 | 194,491 |
| India Infoline Commodities DMCC (Group Company) | 3,500 | - |
| | 251,991 | 194,491 |

Terms and conditions of transactions with related parties

The transactions with related parties are made at terms equivalent to those that prevails in arm's length transactions. Above outstanding balances at the year-end arises in normal course of business and are unsecured, interest free and settlement occurs generally in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2015, the Company has not recorded any impairment of receivables relating to the amounts owed by related parties. 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.

## 6 OTHER RECEIVABLES AND PREPAYMENTS

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Prepayments | 143,822 | 147,037 |
| Deposits | 28,784 | 63,920 |
| Accrued interest – Fixed deposit | 8 | 9 |
| Other receivables | 20,540 | - |
| | 193,154 | 210,966 |

## 7 BANK BALANCES

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Cash in Bank: | | |
| Current account | 1,286,929 | 34,240 |
| Fixed deposits | 393,201 | 393,001 |
| | 1,680,130 | 427,241 |

The current accounts are held with local bank.

## 8 SHARE CAPITAL

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| *Authorized:* | | |
| 1,000,000 ordinary shares of USD 1 (AED 3.67) each | 3,670,000 | 3,670,000 |
| *Subscribed, issued and fully paid:* | | |
| 918,442 ordinary shares of USD1 (AED 3.67) each | 3,370,682 | 3,370,682 |

Capital management risk

The Company objectives when managing capital are to ensure the Company ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of investments and optimize benefits for the shareholders to maintain an optimal capital structure and to reduce the cost of capital.

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

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Share capital | 3,370,682 | 3,370,682 |
| Audited reserves | (1,386,557) | (2,568,546) |
| Tier 1 capital | 1,984,125 | 802,136 |
| Less: Illiquid assets | (157,650) | (232,556) |
| Total adjusted capital resources | 1,826,475 | 596,580 |

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

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Base capital requirement (BCR) | 36,700 | 36,700 |
| Expenditure based capital minimum (EBCM) - as notified to the Company | 367,380 | 367,380 |

The Company is in compliance with minimum capital adequacy requirement as at 31 March 2015.

## 9 EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision for employees' end of service benefits is as follows:

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Balance at beginning | 100,844 | 74,910 |
| Net movements during the year | 36,484 | 25,934 |
| Closing balance | 137,328 | 100,844 |

## 10 PAYABLES AND ACCRUALS

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Professional fees payable | 17,433 | 22,050 |
| Staff payables | 42,000 | - |
| Other payables | 5,183 | 6,000 |
| | 64,616 | 28,050 |

## 11 REVENUE

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Marketing support fees (Note 5) | 4,404,000 | 2,202,000 |
| Referral fees (Note 5) | - | 550,500 |
| | 4,404,000 | 2,752,500 |

## 12 GENERAL AND ADMINISTRATIVE EXPENSES

| | *2015* *AED* | *2014* *AED* |
|---|---|---|
| Salaries and benefits: | | |
| *Directors' remuneration (Note 5)* | 1,014,000 | 827,448 |
| *Key management personnel (Note 5)* | 1,055,582 | 1,135,958 |
| *Other employees* | 416,586 | 760,952 |
| Compliance and regulatory fees | 55,050 | 54,825 |
| Professional and legal fees | 321,453 | 268,083 |
| Rent expenses | 175,680 | 175,680 |
| Communication charges | 56,008 | 66,765 |
| Loss on exchange | 9,450 | 10,191 |
| Depreciation (note 4) | 37,538 | 37,538 |
| Finance charges | 1,881 | 1,961 |
| Other administrative expenses | 78,982 | 114,904 |
| | 3,222,210 | 3,454,305 |

## 13 FAIR VALUES OF FINANCIAL INSTRUMENTS

The financial assets of the Company comprise cash in bank, other receivables due from related parties. The financial liabilities of the Company comprise payables and accruals. The accounting policies for financial assets and liabilities are set out in note (3.2).

The following table summarizes the carrying amount of financial assets and liabilities recorded at year end by IAS 39 category:

| | *2015* | *2014* |
|---|---|---|
| FINANCIAL ASSETS | *AED* | *AED* |
| Cash and cash equivalents | 1,680,130 | 427,241 |
| Financial assets at fair value through profit or loss | | |
| - those designated as such upon initial recognition | - | - |
| - those classified as held for trading | - | - |
| Available for sale investments | - | - |
| Loans and receivables | 301,323 | 258,420 |
| Held-to-maturity investments | - | - |
| Total financial assets | 1,981,453 | 685,661 |
| FINANCIAL LIABILITIES | | |
| At fair value through profit or loss | | - |
| Measured at amortised cost: | | |
| - Borrowings | | - |
| - Derivative financial instruments | | - |
| - Other financial liabilities | 201,944 | 128,894 |
| Total financial liabilities | 201,944 | 128,894 |

Fair value

The management believes that the fair values of the Company's financial instruments are not materially different from their carrying values at the reporting date due to short term maturities of these instruments.

## 14 COMMITMENTS AND CONTINGENCIES

Future minimum rentals payable under operating leases as at 31 March are as follows:

| | *2015* | *2014* |
|---|---|---|
| | *AED* | *AED* |
| Within one year | 184,464 | 175,680 |
| After one year but not more than five years | 193,688 | 378,152 |
| | 378,152 | 553,832 |

## 15 FINANCIAL RISK MANAGEMENT

Interest rate risk

The Company is not exposed to any interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables and investment securities.

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally of bank accounts, trade and other receivables.

The Company has policies in place to ensure that the sales of services are provided to customers with an appropriate credit history. Amounts due from related parties are considered recoverable by the management. The Company's bank accounts are placed with reputable and established commercial banks.

There are no concentrations of credit risk to debtors outside the industry in which the Company operates.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company limits its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's undiscounted financial liabilities at 31 December 2013 and 31 December 2012, based on contractual payment dates, mature within 3 months of the year end.

Currency risk

The functional and reporting currency used by the Company is AED. There are no significant exchange rate risks as significantly all financial assets and liabilities are denominated in AED or USD to which AED is fixed.

## 16 COMPARATIVE FIGURES

Certain comparative figures for the previous financial year have been reclassified to conform to the current year presentation. The reclassification had no effect on previously reported results of operation.