INDO COUNT GLOBAL DMCC

Financial statements and independent auditor's report

Period ended 31 March 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of INDO COUNT GLOBAL DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **INDO COUNT GLOBAL DMCC** (the "Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of Dubai Multi Commodities Centre DMCC Company Regulations, 2003, as amended by DMCC Regulation No. 1 of 2007, DMCC Regulation No. 1 of 2009 and DMCC Regulation No. 1 of 2013, 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.

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Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

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INDEPENDENT AUDITOR'S REPORT
(continued)

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements comply with the applicable provisions of Dubai Multi Commodities Centre DMCC Company Regulations, 2003, as amended by DMCC Regulation No. 1 of 2007, DMCC Regulation No. 1 of 2009 and DMCC Regulation No. 1 of 2013.

PKF

PKF
Dubai
United Arab Emirates
21 April 2019

INDO COUNT GLOBAL DMCC

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	31.03.2019 AED
ASSETS		
Non-current assets		
Property, plant and equipment	6	**197,886**
Current assets		
Trade and other receivables	7	**673,611**
Other current assets	8	**58,042**
Other financial assets	9	**93,750**
Cash and cash equivalents	10	**1,304,065**
		2,129,468
Total assets		**2,327,354**
EQUITY AND LIABILITIES		
Equity funds		
Share capital	11	**2,750,000**
Accumulated losses		**(727,432)**
		2,022,568
Non-current liabilities		
Provision for staff end-of-service benefits	12	**87,497**
Current liabilities		
Accruals		**69,587**
Other liabilities		**147,702**
		217,289
Total liabilities		**304,786**
Total equity and liabilities		**2,327,354**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the directors on 14 April 2019 and signed on their behalf by Mr. Mohitkumar Anilkumar Jain.

For **INDO COUNT GLOBAL DMCC**

DIRECTOR

INDO COUNT GLOBAL DMCC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2019

	Notes	08.11.2017 to 31.03.2019 (note 19) AED
Revenue from contracts with customers	15	**1,981,800**
Staff costs	16	**(1,928,438)**
Depreciation		**(3,433)**
Other operating expenses	17	**(777,361)**
LOSS FOR THE PERIOD		**(727,432)**
Other comprehensive income:		
Other comprehensive income for the period		--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(727,432)**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

INDO COUNT GLOBAL DMCC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital AED	Accumulated losses AED	Total AED
Issue of share capital	2,750,000	--	2,750,000
Total comprehensive income for the period	--	(727,432)	(727,432)
Balance at 31 March 2019	**2,750,000**	**(727,432)**	**2,022,568**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

INDO COUNT GLOBAL DMCC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital AED	Accumulated losses AED	Total AED
Issue of share capital	2,750,000	--	2,750,000
Total comprehensive income for the period	--	(727,432)	(727,432)
Balance at 31 March 2019	**2,750,000**	**(727,432)**	**2,022,568**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

INDO COUNT GLOBAL DMCC

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019

	08.11.2017 to 31.03.2019 (note 19) AED
Cash flows from operating activities	
Net loss for the period	(727,432)
Adjustments for:	
Depreciation of property, plant and equipment	3,433
Provision for staff end-of-service benefits	87,497
	(636,502)
Changes in:	
- Trade and other receivables	(673,611)
- Other current assets	(58,042)
- Accruals	69,587
- Other liabilities	147,702
Net cash used in operating activities	(1,150,866)
Cash flows from investing activities	
Payments for property, plant and equipment	(201,319)
Increase in other financial asset	(93,750)
Net cash used in investing activities	(295,069)
Cash flows from financing activities	
Issue of share capital	2,750,000
Net cash from financing activities	2,750,000
Net increase in cash and cash equivalents	1,304,065
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period (note 10)	1,304,065

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **INDO COUNT GLOBAL DMCC** (the "Company") is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provisions under the laws, rules and regulations issued by the Dubai Multi Commodities Centre Authority (DMCCA). The registered office is Unit No. 2105, Platinum Tower, plot No. JLT-PH1-I2, Jumeirah Lakes Towers, Dubai, UAE. The Company was registered on 8 November 2017.

During the period, on 4 March 2019 vide amendment to memorandum of association the Company has changed its name from 'Hometex Global DMCC' to 'Indo Count Global DMCC'.

b) The Company is licensed by DMCCA (with trade license No. DMCC- 361213) to in trade textiles, threads and yarns, curtains and upholstery fabrics, cotton and natural fibers, blankets, towels, linens, spinning and weaving equipment and spare parts. The Company has also obtained a service license (with service license No. DMCC- 590905) to provide services such as marketing management, marketing research and consultancies and feasibility study.

c) The parent company is Indo Count Industries Limited, India.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2018, and the requirements of Dubai Multi Commodities Centre DMCC Company Regulations.

b) **Basis of measurement**

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company has incurred a loss during the period ended 31 March 2019 and has accumulated losses of AED 727,432 as at that date. However, the shareholder has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

d) **Adoption of new International Financial Reporting Standards**

Standards and interpretations effective for the current period

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Company are as follows:

- IFRS 9: Financial instruments
- IFRS 15: Revenue from Contracts with Customers

The impact of adoption of these standards and the accounting policies are explained below in more detail:

IFRS 9: Financial instruments

Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(i) Classification and measurement

On the date of initial application of IFRS 9, i.e. 1 January 2018, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. Management has concluded the following below classification.

Financial assets	**classification under IFRS 9**
Trade and other receivables	Amortised cost
Other financial assets	Amortised cost
Cash and cash equivalents	Amortised cost

The adoption of IFRS 9 has not resulted in any change in classification or measurement of financial liabilities.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to IFRS 9's new Expected Credit Loss (ECL) model:

- Trade and other receivables
- Other financial assets
- Cash and cash equivalents

For trade receivables and contract assets, the Company has applied simplified approach permitted by IFRS 9. Further, the simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected losses, trade receivables have been grouped based on credit risk characteristics and past dues. For other financial assets, cash and cash equivalents and other receivables, the Company has applied 12-month ECL model.

IFRS 9 accounting policies
The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3 (h) to the financial statements under significant accounting policies.

IFRS 15: Revenue from contracts with customers
Impact of adoption
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new standard established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customers.

The standard requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining contract and the costs directly related to fulfilling a contract.

IFRS 15 accounting policies
The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3 (c) to the financial statements under significant accounting policies.

Adoption of new International Financial Reporting Standards
New and revised IFRSs in issue but not yet effective
The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- IFRS 16: Leases (1 January 2019)
  IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Under this revised guidance, leases will be brought onto the lessee's statement of financial position, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test.

The revised guidance has an increased focus on who controls the asset and may change which contracts are leases.

The above standard is currently being assessed by the management to determine any material impact on the financial statements.

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Furniture, fixtures and office equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of 3 to 5 years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Staff end-of-service benefits**

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

c) **Revenue from contract with customers**

During the period, the Company has provided marketing services.

Revenue from contracts with customers is recognised when the control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of services

The Company provides services that are sold separately.

The Company has concluded that revenue from sale of services should be recognised over time using output, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment or performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

d) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

e) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

f) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits 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 flow estimated to settle the present obligation, it's 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 receivable can be measured reliably.

g) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

h) **Financial instruments**

IFRS 9 contains three principal classification categories for financial assets - i.e. measured at: amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The existing IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale are removed.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Classification

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets depends on the Company's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether 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. Management determines the classification of its investment at initial recognition.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

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

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of accruals.

Impairment of financial assets

IFRS 9 Replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than IAS 39.

The financial assets at amortised cost comprise of trade and other receivables, other financial assets and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and

- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- The financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity
Equity instruments issued by the Company are recorded at the value of proceeds received towards interest in share capital of the Company.

i) **Fair value measurement**

The Company measures financial instruments, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, at fair value at each reporting date. The Company also discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company provides marketing services as a single performance obligation.

Determine timing of satisfaction of performance obligation

The Company concluded that revenue from marketing services is to be recognised over time as the customer simultaneously receives the benefit as the company performs.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made 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, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 87,497, assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment AED
Cost	
Additions	201,319
At 31 March 2019	**201,319**
Accumulated depreciation	
Depreciation for the period	3,433
At 31 March 2019	**3,433**
Carrying amount	
At 31 March 2019	**197,886**

7. TRADE AND OTHER RECEIVABLES

	31.03.2019 AED
Trade receivables	**660,600**
Deposits	**13,011**
	673,611

The Company does not hold any collateral against trade receivables.

		31.03.2019
		AED
8.	**OTHER CURRENT ASSETS**	
	Prepayments	44,417
	VAT receivable	13,625
		58,042

9.	**OTHER FINANCIAL ASSETS**	
	Financial assets at amortised cost – term deposit[(a)]	93,750

(a) Term deposit is under lien against corporate credit card issued by Emirates NBD.

10.	**CASH AND CASH EQUIVALENTS**	
	Bank balances in:	
	Current accounts	309,711
	Call deposit accounts	994,354
		1,304,065

11.	**SHARE CAPITAL**	
	Issued and paid up	
	2,750 shares of AED 1,000 each held by Indo Count Industries Limited, India.	2,750,000

12.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**	
	Provision for the period	87,497
	Closing balance	87,497

13. **RELATED PARTIES**

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company and the directors.

At the reporting date significant balances with related parties were as follows:

	Parent company AED	Director AED	Total 31.03.2019 AED
Trade receivables	660,600	--	660,600
Included in provision for staff end-of-service benefits	--	82,636	82,636
Included in other liabilities	--	126,557	126,557

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 18.

Significant transactions with related parties during the period were as follows:

	Parent company	Director	Total 08.11.2017 to 31.03.2019 (note 19)
	AED	AED	AED
Revenue	1,981,800	--	**1,981,800**
Included in staff salaries and benefits	--	1,647,073	**1,647,073**
Included in staff end-of-service benefits	--	82,636	**82,636**

The Company avails certain administrative services from the parent company free of cost.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is not exposed to any externally imposed capital requirements.

Funds generated from internal accruals are retained in the business, according to the business requirements and to maintain capital at desired levels.

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company generates revenue from the transfer of services over time. The disaggregated revenue from contracts with customers by geographical segments, customer type, type of services is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	08.11.2017 to 31.03.2019 (note 19)
	AED
Primary Geographical segments	
- India	**1,981,800**

	08.11.2017 to 31.03.2019 (note 19) AED
Major service lines	
Services	
- Marketing services	1,981,800
Timing of revenue recognition	
- Over period of time	1,981,800

16. **STAFF COSTS**

Staff salaries and benefits	1,840,941
Staff end-of-service benefits	87,497
	1,928,438

17. **OTHER OPERATING EXPENSES**

Operating lease expenses	71,583
Travel expenses	309,677
Legal, professional and company formation expenses	285,266
Other expenses	110,835
	777,361

18. **FINANCIAL INSTRUMENTS**

The net carrying amounts and fair values as at the reporting date of financial assets and financial liabilities are as follows:

At 31 March 2019	At amortised cost AED
Financial assets	
Trade and other receivables	673,611
Other financial assets	93,750
Cash and cash equivalents	1,304,065
	2,071,426
Financial liabilities	
Accruals	69,587

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The Company buys and sells services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirhams is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risk
Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents, deposits with banks and financial institutions and outstanding receivables.

The Company's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the entire trade receivable is due from the parent company situated in India. The parent company is also engaged in similar business.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that the new impairment requirement under IFRS 9 does not have any significant impact on the financial statements.

Currency risk
There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Interest rate risk

Term deposit is subject to fixed interest rates at levels generally obtained in the UAE and is therefore exposed to fair value interest rate risk.

Fair values

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

19. COMPARATIVE INFORMATION

These are the first set of financial statements for the Company since incorporation [refer note 1(a)] and, accordingly, no comparative information is presented.

For **INDO COUNT GLOBAL DMCC**

DIRECTOR