



IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

Dubai, United Arab Emirates

AUDITED FINANCIAL STATEMENTS

31 March 2018

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REPORT OF THE BOARD OF DIRECTORS

The directors of the Company have pleasure in presenting their report and the financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company") for the year ended 31 March 2018.

RESULTS OF THE COMPANY

The detailed results of the Company are set out in the statement of comprehensive income and related notes.

DIRECTOR'S RESPONSIBILITY

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rule Books, and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are also responsible for keeping proper financial records in line with reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We, as directors of the Company, have approved these financial statements on 20 April 2018.

INDEPENDENT AUDITORS'

The retiring auditors of the Company, *RSM Dahman*, being eligible have offered themselves for re-appointment for the financial year 2018-19.

Signed on behalf of the board of directors

A handwritten signature in blue ink, appearing to read 'Amit Shah', is written over a horizontal line.

Amit Shah
Director
20 April 2018

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IIFL Private Wealth Management (Dubai) Limited is registered in the DIFC with registered number 0973 and is authorized and regulated by the DFSA

RSM Dahman Auditors

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

We have audited the financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair value of 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.

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 Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors Responsibilities for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rule Books, and for such internal control as Directors 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, Directors are 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 have no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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. If such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Dahman
Signed by:

RSM Dahman

Basab Deb
Partner
No. 1006056

20 April 2018
Dubai, United Arab Emirates



IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	<u>31 March 2018</u> AED	<u>31 March 2017</u> AED
INCOME			
Revenue	5	4,404,000	4,404,000
Interest income		5,552	3,005
		<u>4,409,552</u>	<u>4,407,005</u>
EXPENSES			
General and administrative expenses	6	<u>(3,991,713)</u>	<u>(3,330,283)</u>
PROFIT FOR THE YEAR		<u>417,839</u>	<u>1,076,722</u>
Other comprehensive income			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>417,839</u>	<u>1,076,722</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	<u>31 March 2018</u> AED	<u>31 March 2017</u> AED
ASSETS			
NON-CURRENT ASSETS			
Furniture and equipment	7	2,334	4,618
Total non-current assets		<u>2,334</u>	<u>4,618</u>
CURRENT ASSETS			
Due from related parties	13	-	982,491
Other receivables and prepayments	8	234,231	242,767
Bank balances	9	5,765,010	3,927,812
Total current assets		<u>5,999,241</u>	<u>5,153,070</u>
TOTAL ASSETS		<u><u>6,001,575</u></u>	<u><u>5,157,688</u></u>
EQUITY AND LIBAILITIES			
EQUITY			
Share capital	10	3,370,682	3,370,682
Retained earnings		<u>1,575,809</u>	<u>1,157,970</u>
TOTAL EQUITY		<u>4,946,491</u>	<u>4,528,652</u>
NON-CURRENT LIABILITIES			
Employees' end of service benefits	11	<u>391,918</u>	<u>296,298</u>
Total non-current liabilities		<u>391,918</u>	<u>296,298</u>
CURRENT LIABILITIES			
Other payables and accruals	12	<u>663,166</u>	<u>332,738</u>
Total current liabilities		<u>663,166</u>	<u>332,738</u>
TOTAL LIABILITIES		<u>1,055,084</u>	<u>629,036</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,001,575</u></u>	<u><u>5,157,688</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amit Shah
Director
20 April 2018

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2018

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Balance as at 01 April 2016	3,370,682	81,248	3,451,930
Total comprehensive income for the year:			
Net profit for the year	-	1,076,722	1,076,722
Other comprehensive income	-	-	-
	<u>-</u>	<u>1,076,722</u>	<u>1,076,722</u>
Balance as at 31 March 2017	<u>3,370,682</u>	<u>1,157,970</u>	<u>4,528,652</u>
Total comprehensive income for the year:			
Net profit for the year	-	417,839	417,839
Other comprehensive income	-	-	-
	<u>-</u>	<u>417,839</u>	<u>417,839</u>
Balance as at 31 March 2018	<u>3,370,682</u>	<u>1,575,809</u>	<u>4,946,491</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	<u>31 March 2018</u>	<u>31 March 2017</u>
		AED	AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		417,839	1,076,722
Adjustment for non-cash items:			
Depreciation	6	2,284	24,536
Finance charges	6	911	1,783
Interest income		(5,552)	(3,005)
Provision for employees' end of service benefits	11	95,620	85,475
		<u>511,102</u>	<u>1,185,511</u>
Changes in working capital			
Decrease / (increase) in current assets:			
Due from related parties		982,491	(727,000)
Other receivables and prepayments		8,536	4,044
Increase in current liabilities:			
Other payables and accruals		330,428	165,303
Net cash generated from operations		<u>1,832,557</u>	<u>627,858</u>
Finance charges paid		(911)	(1,783)
Interest income received		5,552	3,005
Net cash generated from operating activities		<u>1,837,198</u>	<u>629,080</u>
Net increase in cash and cash equivalents		1,837,198	629,080
Cash and cash equivalents at beginning of the year		<u>3,927,812</u>	<u>3,298,732</u>
Cash and cash equivalents at end of the year	9	<u>5,765,010</u>	<u>3,927,812</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

1 GENERAL INFORMATION

IIFL Private Wealth Management (Dubai) Limited ("the Company") is a company limited by shares in the Dubai International Financial Centre (DIFC). The Company is registered under the Companies Law, DIFC Law No. 2 of 2009, and is regulated by the Dubai Financial Services Authority (DFSA) with commercial license no. CL0973 issued on 28 September 2010.

The Company has been granted a prudential "Category 4" license by DFSA and is engaged in the business of:

- Arranging Deals in Investments
- Advising on Financial Products

The registered address of the Company is Unit 808, Level 8, Liberty House, Dubai International Financial Centre, P.O. Box 115064, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 March 2018.

Accounting convention

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in UAE Dirhams, which is the Company's functional currency and presentation currency.

Changes in accounting policies and disclosures

New and amended standards and interpretations effective for the first time and applied but with no material effect on the financial statements:

For the preparation of these financial statements, the following new or amended pronouncements are effective for the first time for the financial year beginning on or after 1 January 2017 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS – e.g. IFRS 14 *Regulatory Deferral Accounts* (issued in January 2014) - since they are not relevant to the Company.

The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years, but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments require entities to provide information that enables users of financial statements to evaluate changes in liabilities arising from the entity's financing activities.
- Amendments to IAS 12 titled Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016) – The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base (e.g. deferred tax asset related to unrealised losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets.
- Amendments to IFRS 12 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016) - The amendments clarify that the disclosure requirements of the Standard apply to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations except for summarised financial information for those interests (ie paragraphs B10–B16 of IFRS 12).

2 BASIS OF PREPARATION *(continued)*

Changes in accounting policies and disclosures *(continued)*

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

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2017.

The management anticipates that the new standards and amendments will be adopted in the Company financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

Amendments to existing standards:

- Amendments to IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016)
- Amendments to IAS 40 titled Transfers of Investment Furniture (issued in December 2016)
- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016)
- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)

New interpretations:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)
- IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017)

New standards:

- IFRS 9 Financial Instruments (issued in July 2014)
- IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and amended for effective date and clarifications in September 2015 and April 2016 respectively)
- IFRS 16 Leases (issued in January 2016)
- IFRS 17 Insurance Contracts (issued in May 2017)

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 except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

Current versus non-current classification

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

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

All other assets are classified as non-current.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Current versus non-current classification *(continued)*

A liability is classified as current when:

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

The Company classifies all other liabilities as non-current.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of purchase cost, together with any incidental expenses of acquisition.

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

Depreciation on all other fixed assets is provided on a straight line basis and charged to statement of comprehensive income to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 7. Depreciation on addition in furniture and equipment is charged from the date when the asset becomes available for use up to the date of its disposal.

An item of furniture and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of furniture and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture and equipment, and are recognised net within other income in statement of comprehensive income.

The Company reviews the useful life and residual value of furniture and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of furniture and equipment with a corresponding effect on depreciation charge and impairment.

Financial instruments

Recognition and initial measurement:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Classification and subsequent measurement of financial assets:

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 comprehensive income as incurred.

For the year ended on 31 March 2018, the Company did not carry any financial assets classified in this category.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued):

- 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 profit and loss.

For the year ended on 31 March 2018, the Company's amount due from related parties, other receivables, deposits, accrued interest on fixed deposits, cash and bank balances fall into this category of financial instruments.

- 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 2018, the Company did not carry any financial assets classified in this category of financial instruments.

- d) *Available for sale financial assets:* These are non-derivative financial assets that are designated 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 other comprehensive income until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income and accumulated in fair value reserves is taken to profit or loss.

For the year ended on 31 March 2018, the Company did not carry any financial assets classified in this category.

Classification and subsequent measurement of financial liabilities:

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 the profit or loss as incurred.

For the year ended on 31 March 2018, 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.

For the year ended on 31 March 2018, the Company's professional fees payable, staff payables, and other payables fall into this category of financial instruments. Items classified within this category are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

De-recognition of financial assets:

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is de-recognised when:

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

De-recognition of financial assets (continued):

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

De-recognition of financial liabilities:

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

Impairment and uncollectibility of financial assets:

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. Impairment is determined as follows:

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

Fair value measurement:

The Company measures financial instruments, such as investment in securities and hedges, at fair value at each statement of financial position date.

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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash with banks on current accounts.

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees on the basis prescribed under the DIFC Law No. 3 of 2012. 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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The following specific criteria must also be met before revenue is recognised:

Revenue represents income from marketing support and referral services and is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating leases

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year-end are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in statement of comprehensive income for the year.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingencies and commitments at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant accounting estimates and judgements

Below are the key accounting estimates and judgements that have a significant impact on the financial statements:

Useful lives of furniture and equipment

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

5 REVENUE

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Marketing support fees (note 13)	<u>4,404,000</u>	<u>4,404,000</u>

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31 March 2018</i>	<i>31 March 2017</i>
	<i>AED</i>	<i>AED</i>
Salaries & benefits:		
<i>Directors' remuneration</i> (note 13)	3,186,193	2,477,815
<i>Other employees</i>	71,559	64,469
Other staff costs	36,245	110,820
Compliance and regulatory fees	41,476	55,162
Professional and legal fees	270,316	229,240
Rent	195,349	191,606
Communication	51,897	54,092
Travelling expenses	30,131	37,614
Loss on exchange	16,132	4,100
Depreciation (note 7)	2,284	24,536
Finance charges	911	1,783
Other administrative expenses	89,220	79,046
	3,991,713	3,330,283

7 FURNITURE AND EQUIPMENT

	<i>Office equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Gross carrying amount			
Balance as at 01 April 2016	17,203	177,389	194,592
Additions during the year	-	-	-
Balance as at 31 March 2017	17,203	177,389	194,592
Balance as at 01 April 2017	17,203	177,389	194,592
Additions during the year	-	-	-
Balance as at 31 March 2018	17,203	177,389	194,592
Accumulated depreciation			
Balance as at 01 April 2016	8,744	156,694	165,438
Charge for the year	3,841	20,695	24,536
Balance as at 31 March 2017	12,585	177,389	189,974
Balance as at 01 April 2017	12,585	177,389	189,974
Charge for the year	2,284	-	2,284
Balance as at 31 March 2018	14,869	177,389	192,258
Written down value			
- 31 March 2017	4,618	-	4,618
- 31 March 2018	2,334	-	2,334
Rates of depreciation	20%	20%	
Useful lives	5 years	5 years	

8 OTHER RECEIVABLES AND PREPAYMENTS

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Prepayments	175,546	179,182
Deposits	34,904	34,904
Accrued interest - Fixed deposits	-	116
Other receivables	23,781	28,565
	<u>234,231</u>	<u>242,767</u>

Deposits include refundable security deposit in respect of operating leases and employee's visa deposits. These deposits carry no interest rate as at 31 March 2018 (31 March 2017: Nil).

Other receivables include AED 13,055 (31 March 2017: 26,720) in respect of staff loan. This staff loan carries an annual fixed interest rate of 6.5% as at 31 March 2018 (31 March 2017: 6.5%).

9 BANK BALANCES

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Cash at banks		
Local currency in current accounts	2,431,227	960,271
Foreign currency in current account	2,934,602	2,572,693
	<u>5,365,829</u>	<u>3,532,964</u>
Fixed deposits	399,181	394,848
	<u>5,765,010</u>	<u>3,927,812</u>

10 SHARE CAPITAL**Authorised share capital**

This represents 1,000,000 (31 March 2017: 1,000,000) ordinary shares of USD 1 (AED 3.67) each amounted to AED 3,670,000 (31 March 2017: AED 3,670,000) with which the company is registered with the Dubai International Financial Center.

Issued, subscribed and paid-up capital

<u>31 March 2018</u>	<u>31 March 2017</u>		<u>31 March 2018</u>	<u>31 March 2017</u>
.... Numbers			AED	AED
		Ordinary shares of USD 1 (AED 3.67) each issued for consideration in cash		
<u>918,442</u>	<u>918,442</u>		<u>3,370,682</u>	<u>3,370,682</u>

The shares of the Company are wholly owned by IIFL Wealth Management Limited (The Parent Company), a Company incorporated in India.

Capital management risk

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

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10 SHARE CAPITAL *(continued)*

Capital resources calculation for the Company

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

	<u>31 March 2018</u>	<u>31 March 2017</u>
	<i>AED</i>	<i>AED</i>
Elements of Common Equity Tier 1 (CET1) Capital	4,528,652	3,451,930
Add: adjustments/(deductions) from CET1 Capital	<u>417,839</u>	<u>1,076,722</u>
CET1 Capital	4,946,491	4,528,652
Elements of Additional Tier 1 (AT1) Capital	-	-
Less: Deductions from (AT1) Capital	<u>-</u>	<u>-</u>
Tier 1 Capital (CET1 + AT1 Capital)	<u>4,946,491</u>	<u>4,528,652</u>
Elements of Additional Tier 2 (T2) Capital	-	-
Less: Deductions from (T2) Capital	<u>-</u>	<u>-</u>
Tier 2 Capital	<u>-</u>	<u>-</u>
Capital resources (Tier 1 + Tier 2 Capital)	<u><u>4,946,491</u></u>	<u><u>4,528,652</u></u>

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

	<u>31 March 2018</u>	<u>31 March 2017</u>
	<i>AED</i>	<i>AED</i>
Base capital requirement (BCR)	<u>36,500</u>	<u>36,500</u>
Expenditure based capital minimum (EBCM) - (based on Actual expenses)	<u>352,624</u>	<u>334,865</u>
Expenditure based capital minimum (EBCM) - (as notified to the firm)	<u>365,000</u>	<u>365,000</u>

The Company is in compliance with minimum capital adequacy requirement as at 31 March 2018.

11 EMPLOYEES' END OF SERVICE BENEFITS

	<u>31 March 2018</u>	<u>31 March 2017</u>
	<i>AED</i>	<i>AED</i>
As at 01 April	296,298	210,823
Provided during the year	95,620	85,475
Benefits paid during the year	<u>-</u>	<u>-</u>
As at 31 March	<u><u>391,918</u></u>	<u><u>296,298</u></u>

12 OTHER PAYABLES AND ACCRUALS

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Professional fees payable	17,440	17,440
Staff payables	645,726	300,000
Accrued expenses	-	15,298
	<u>663,166</u>	<u>332,738</u>

13 RELATED PARTY TRANSACTIONS

Related parties represent shareholder, affiliated companies, directors 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 comprehensive income are as follows:

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Revenue - marketing support fees (note 5)	<u>4,404,000</u>	<u>4,404,000</u>

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

	<u>31 March 2018</u>		<u>31 March 2017</u>	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
	AED	AED	AED	AED
India Infoline Limited (Group Company)	-	-	248,491	-
IIFL Asset Management (Mauritius) Limited (Group Company)	-	-	734,000	-
	<u>-</u>	<u>-</u>	<u>982,491</u>	<u>-</u>

Terms and conditions of transactions with related parties

Outstanding balances at the year-end arose in the normal course of business and are unsecured, interest free and repayable upon demand from lender. There have been no guarantees provided or received for any related party receivables or payables. During the current and previous year, 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.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	<u>31 March 2018</u>	<u>31 March 2017</u>
	AED	AED
Directors' remuneration (note 7)	<u>3,186,193</u>	<u>2,477,815</u>

14 FINANCIAL ASSETS AND LIABILITIES

The financial assets of the Company comprise amount due from related parties, deposits, and other receivable, accrued interest on fixed deposits, and bank balances. The financial liabilities of the Company professional fees payable, staff payables, and accrued expenses. The accounting policies for financial assets and liabilities are set out in note 3.

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the reporting date:

	<i>31 March 2018</i>	<i>31 March 2017</i>
	<i>AED</i>	<i>AED</i>
Financial assets		
Cash and cash equivalents	5,765,010	3,927,812
Financial assets at fair value through the profit and loss		
- those designated as such upon initial recognition	-	-
- those classified as held for trading	-	-
Available for sale investments	-	-
Loans and receivables	58,685	1,046,076
Held-to-maturity investments	-	-
Total financial assets	5,823,695	4,973,888
Financial liabilities		
At fair value through the profit and loss	-	-
Measured at amortized cost:		
- Derivative financial instruments	-	-
- Other financial liabilities	663,166	332,738
Total financial liabilities	663,166	332,738

15 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk; and
- (c) Liquidity risk

(a) Market risk

Market risk is the risk that the fair value of the financial instrument may fluctuate as a result of change in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage their market risk.

The Company is exposed to the following market risk:

- (i) Interest rate risk;
- (ii) Currency risk; and
- (iii) Price risk.

15 FINANCIAL RISK MANAGEMENT (continued)

The Company's exposure to the above risks are described below:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate exposure mainly arises from fixed deposits only. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	<i>Carrying amount</i>	
	<u>31 March 2018</u>	<u>31 March 2017</u>
	<i>AED</i>	<i>AED</i>
Fixed rate instruments		
Fixed deposits (note 9)	<u>399,181</u>	<u>394,848</u>

(ii) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk

The Company's significant monetary assets and liabilities are denominated either in AED or in currencies pegged to USD. Thus the currency risks were not considered to present significant risk for the Company.

(iii) Price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all similar financial instruments traded in the market. At the reporting date the Company's price risk profile does not include any financial instruments as such.

(b) 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 deposits, accrued interest on fixed deposits, other receivables, amount due from related parties and bank balances. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>31 March 2018</u>	<u>31 March 2017</u>
	<i>AED</i>	<i>AED</i>
Deposits	34,904	34,904
Accrued interest - Fixed deposits	-	116
Other receivables	23,781	28,565
Due from related parties	-	982,491
Bank balances	<u>5,765,010</u>	<u>3,927,812</u>
	<u>5,823,695</u>	<u>4,973,888</u>

15 FINANCIAL RISK MANAGEMENT *(continued)***(b) Credit risk** *(continued)**Bank balances*

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The Company's objective is to maintain a balance between continuity of funding and flexibility through efficient cash management. The Company limits its liquidity risk by aligning the terms of trade payables with the terms of collection from customers. Further, the shareholder ensures adequate funds are available as and when required.

The following table summarise the maturity profile of financial liabilities based on the remaining period at the end of reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

At 31 March 2018

	<i>Carrying amount</i>	<i>Contractual cash flow</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Other payables and accruals	<u>663,166</u>	<u>663,166</u>	<u>17,440</u>	<u>645,726</u>	<u>663,166</u>

At 31 March 2017

	<i>Carrying amount</i>	<i>Contractual cash flow</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Other payables and accruals	<u>332,738</u>	<u>332,738</u>	<u>32,738</u>	<u>300,000</u>	<u>332,738</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significant different amounts.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The financial assets of the Company comprise amount due from related parties, other receivables, deposits, accrued interest on fixed deposits, and bank balances. The financial liabilities of the Company include professional fees payable, staff payables and accrued expenses.

The fair values of financial assets and financial liabilities of the Company at the reporting date are not materially different from their carrying values largely due to the nature and short term maturities of financial instruments.

17 GENERAL

Rounding off

Figures have been rounded off to the nearest UAE dirhams unless otherwise stated.

Corresponding figures

Corresponding figures have been reclassified and rearranged, wherever necessary for better presentation.