

IFB AGRO MARINE (FZE)

**Financial statements and independent auditor's report
Period ended 31 March 2018**

IFB AGRO MARINE (FZE)

Financial statements and independent auditor's report
Period ended 31 March 2018

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of IFB AGRO MARINE (FZE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **IFB AGRO MARINE (FZE)** (the "Establishment"), which comprise the statement of financial position as at 31 March 2018, 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 Establishment as at 31 March 2018, 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 Establishment 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 provisions of Implementing procedures issued by Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995, 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment'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 Establishment'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 Establishment 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 a 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 confirm that the above financial statements comply with the Implementing Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995, except for the matter stated in Note 17 to the financial statements regarding the maintenance of minimum net assets as required by the said regulations. We further confirm that we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

For PKF



S. D. Pereira

Partner

Auditor registration no. 552

Sharjah

United Arab Emirates

10 May 2018

IFB AGRO MARINE (FZE)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018


	Notes	31.03.2018 (Note 20) AED
ASSETS		
Non-current assets		
Property, plant and equipment	6	64,567
Current assets		
Trade and other receivables	7	30,176
Other current financial assets	8	50,000
Cash and cash equivalents	9	252,951
		333,127
Total assets		397,694
EQUITY AND LIABILITIES		
Shareholder's equity funds		
Share capital	10	1,800,000
Accumulated losses		(1,678,165)
		121,835
Non-current liabilities		
Provision for staff end-of-service benefits	11	39,895
Current liabilities		
Accruals		235,964
Total liabilities		275,859
Total equity and liabilities		397,694

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.

Authorised for issue by the shareholder on 3 May 2018.

For IFB AGRO MARINE (FZE)


Allen Lawrence
(Director)



IFB AGRO MARINE (FZE)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	20.04.2017 to 31.03.2018 (Note 20) AED
Revenue	14	2,156,124
Purchases of inventory		<u>(2,037,881)</u>
Gross profit		118,243
Other income		32,448
Staff costs	15	(1,161,649)
Depreciation	6	(7,161)
Other operating expenses	16	<u>(660,046)</u>
LOSS FOR THE PERIOD		<u>(1,678,165)</u>
Other comprehensive income:		
Other comprehensive income for the period		<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(1,678,165)</u>

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.

IFB AGRO MARINE (FZE)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	Share capital AED	Accumulated losses AED	Total AED
Issue of share capital	1,800,000	—	1,800,000
Total comprehensive income for the period	—	(1,678,165)	(1,678,165)
Balance at 31 March 2018	<u>1,800,000</u>	<u>(1,678,165)</u>	<u>121,835</u>

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.

IFB AGRO MARINE (FZE)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	20.04.2017 to 31.03.2018 (Note 20) AED
Cash flows from operating activities	
Loss for the period	(1,678,165)
Adjustments for:	
Depreciation of property, plant and equipment	7,161
Provision for end-of-service benefits	39,895
	<u>(1,631,109)</u>
Increase in trade and other receivables	(30,176)
Increase in accruals	235,964
Net cash used in operating activities	<u>(1,425,321)</u>
Cash flows from investing activities	
Payment for additions to property, plant and equipment	(71,728)
Increase in other current financial assets	(50,000)
Net cash used in investing activities	<u>(121,728)</u>
Cash flows from financing activities	
Issue of share capital	1,800,000
Net cash from financing activities	<u>1,800,000</u>
Net increase in cash and cash equivalents	252,951
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period (note 9)	<u>252,951</u>

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.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **IFB AGRO MARINE (FZE)** (the "Establishment") under trade license No.18085 is registered as a free zone establishment with limited liability on 20 April 2017 in Sharjah Airport International Free Zone, Sharjah, UAE, pursuant to Law No. 2 of 1995. The registered office is P.O. Box 124734, SAIF office P8-07-25, Sharjah, UAE.

The Establishment has also obtained a licence from Department of Economic Development for representative office in the name of "IFB Agro Marine – Dubai Branch – Representative Office" in the emirate of Dubai. Accordingly, the assets, liabilities and operating results of the representative office is included in these financial statements.

- b) The principal activity of the Establishment as per trade licence is general trading. The Establishment's main activity during the period was trading in frozen foods.
- c) The Establishment is wholly owned subsidiary of IFB Agro Industries Limited, a company incorporated in 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 2017 and the requirements of Sharjah Airport International Free Zone Authority Implementing Regulations pursuant to Law No. 2 of 1995.

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

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

The Establishment incurred a loss for the period ended 31 March 2018 and at that date, the Establishment's losses aggregated to AED 1,678,165. The financial statements are prepared on a going concern basis as the shareholder has agreed to continue with the operation of the Establishment and has agreed to provide continuing financial support to enable the Establishment to discharge its liabilities as and when they fall due for payment.

d) **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 9: Financial instruments (1 January 2018)**

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- **IFRS 15: Revenue from Contracts with Customers (1 January 2018)**

The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

- **IFRS 16: Leases (1 January 2019)**

IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short-term leases (for a period of twelve months or less) and b) Leases of low value assets.

e) **Functional and presentation currency**

The Establishment's functional currency is US Dollar based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. However, the financial statements are presented in UAE Dirhams ("AED") which is the currency of the country of domicile of the Establishment.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value of furniture, fixtures and office equipment, 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 6-7 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 Establishment 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 Establishment 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**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Establishment and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Sale of goods

The sales are high sea sales, i.e. the supplier ships goods directly to the customers. Revenue is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer and is based on amount invoiced to customers for high sea sales made during the year.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

Commission income

Commission income represents commission earned on trading during the year and is accounted on accrual basis.

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 Establishment 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, its carrying amount is the present value of those cash flows.

g) Value added tax

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), will be 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 period/s and deposit the same within the prescribed due dates of filing VAT return and tax payment.

h) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Cash and cash equivalents

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

Financial liabilities

At amortised cost

Accruals

Accruals are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

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

Impairment of financial assets

All financial assets, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

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.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

i) **Fair value measurement**

The Establishment 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.

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:

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and all financial assets 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. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

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.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the Establishment from third parties (see note 7) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 39,895, 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	71,728
At 31 March 2018	<u>71,728</u>
Accumulated depreciation	
Depreciation for the period	7,161
At 31 March 2018	<u>7,161</u>
Carrying amount	
At 31 March 2018	<u>64,567</u>
	31.03.2018
	AED
7. TRADE AND OTHER RECEIVABLES	
Trade receivables	6,017
Advance to staff	584
Deposit	23,575
	<u>30,176</u>

At the reporting date, trade receivables not past due and not impaired are AED 6,017.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

At the reporting date, there are no trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery and there are no trade receivables that are past due but not impaired.

The Establishment does not hold any collateral against trade receivables.

	31.03.2018 AED
8. OTHER CURRENT FINANCIAL ASSETS	
Margin deposit	<u>50,000</u>
9. CASH AND CASH EQUIVALENTS	
Cash on hand	908
Bank balances in current accounts	<u>252,043</u>
	<u>252,951</u>
10. SHARE CAPITAL	
Issued and paid up:	
1 share of AED 1,800,000 held by IFB Agro Industries Limited, India.	<u>1,800,000</u>
11. PROVISION FOR STAFF END-OF-SERVICE BENEFITS	
Provision for the period	39,895
Closing balance	<u>39,895</u>
12. RELATED PARTIES	
The Establishment 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 shareholder, key management personnel and Companies under common ownership and/or common management control

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

	Key management personnel	Companies under common ownership and/or common management control	Total 31.03.2018
	AED	AED	AED
Provision for staff end-of-service benefits	13,298	—	13,298
Included in accruals	28,015	49,842	77,857

All balances are unsecured and are expected to be settled in cash.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

	Key management personnel	Companies under common ownership and/or common management control	20.04.2017 to 31.03.2018 (Note 20) AED
Management remuneration and benefits	209,550	--	209,550
Staff end-of-service benefits	13,298	--	13,298
Included in other expenses	--	172,068	172,068

The Establishment also receives funds from related party as and when required as working capital facilities, free of interest.

13. MANAGEMENT OF CAPITAL

The Establishment's objectives when managing capital are to ensure that the Establishment 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 amount owing to third parties, net of cash and cash equivalents.

The Establishment is subject to externally imposed capital requirements as per Implementation Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 (refer note 17).

Funds received from the shareholder are retained in the business, according to the business requirements and to maintain capital at desired levels.

	20.04.2017 to 31.03.2018 (Note 20) AED
14. REVENUE	
Trading sales	2,130,374
Commission income	25,750
	<u>2,156,124</u>
15. STAFF COST	
Managerial remunerations and benefits	209,550
Staff salaries and benefits	912,204
Staff end-of-service benefits	39,895
	<u>1,161,649</u>

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

	20.04.2017 to 31.03.2018 (Note 20) AED
16. OTHER OPERATING EXPENSES	
Operating lease expenses	126,118
Commission paid	46,887
Legal and professional charges	105,092
Travelling expenses	172,068
Other expenses	209,881
	<u>660,046</u>

17. **SHARJAH AIRPORT FREE ZONE AUTHORITY REGULATIONS**

As the net assets of the Establishment are below 75 percent of its share capital in accordance with the Implementation Procedure issued by the Sharjah Airport Free Zone Authority pursuant to Law No. 2 of 1995, the directors are required to communicate to the Sharjah Airport Free Zone Authority and increase the net assets to meet the requirements of the law.

18. **FINANCIAL INSTRUMENTS**

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

	Loans and receivables 31.03.2018 AED	At amortised cost 31.03.2018 AED
Trade and other receivables	30,176	--
Other current financial assets	50,000	--
Cash and cash equivalents	252,951	--
Accruals	--	176,784
	<u>333,127</u>	<u>176,784</u>

Management of risk

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 comprise credit risks, liquidity risks and market risks (including currency 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 and makes arrangement with its related party in order to manage exposure to liquidity risk.

IFB AGRO MARINE (FZE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

Exposure in foreign currencies is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirham is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Establishment to concentration of credit risk comprise principally bank account and trade and other receivables.

The Establishment's bank account is placed with high credit quality financial institutions.

Trade and other receivables are stated net of allowances for doubtful recoveries. At the reporting date, 100% of the trade receivables were due from a company situated in India and engaged in trading business.

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

The Establishment is not exposed to any significant interest rate risk.

Fair values

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 values of the Establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

19. **CONTINGENT LIABILITIES**
Bankers' letters of guarantee

31.03.2018
AED
50,000

20. **COMPARATIVE INFORMATION**

These are the first set of financial statements for the Establishment since its registration [refer Note 1(a)] and accordingly, no comparative information is presented.

For IFB AGRO MARINE (FZE)


Allen Lawrence
(Director)

