SRL Diagnostics FZ-LLC
Dubai Healthcare City,
Dubai - United Arab
Independent Auditor's report and financial statements
For the year ended March 31, 2017

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

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SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

General information

Principal office address	: Units No. 107, 108, 118 & 119 Building No. 64 Dubai Healthcare City P.O. Box 505143 Dubai – United Arab Emirates T: +971 4 4483101 F: +971 4 4484695	
The Directors	: Name	Nationality
	Mr. Arindam Haldar	Indian
	Mr. Kalyana Sundaram Srivastava	Indian
The Auditor	: Horwath Mak P. O. Box 6747 Dubai, United Arab Emirates	
The Banks	: Mashreq Bank	

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Director's Report

The Director has the pleasure in presenting his report and the audited financial statements for the year ended March 31, 2017.

Principal activities of the Entity :

The Entity is licensed by the Dubai Healthcare City of the Government of Dubai to be a diagnostic centre.

Financial review:

The table below summarizes the results of 2017 and 2016.

	2017	2016
	AED	AED
Revenue	**17,872,138**	20,586,606
Gross profit	**5,470,946**	6,311,171
Gross profit margin	**30.61%**	30.66%
Net (loss) for the year	**(5,696,197)**	(7,404,258)

Role of the Directors:

The Director is the Entity's principal decision-making forum. The Director has the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through its guidance and supervision of the Entity's business. The Director sets the strategies and policies of the Entity. He monitors performance of the Entity's business, guides and supervises its management.

Events after year end:

In the opinion of the Director no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditor:

M/s. Horwath Mak, Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities:

The applicable requirements, requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

Statement of Directors' responsibilities (continued):

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

Acknowledgment

The Director wish to place on record, his sincere gratitude for the continuous support extended by various government departments, banks, students, suppliers, employees and all well wishers.

These financial statement were approved by the Board and signed on behalf by the authorized representative of the Entity.

Director
May 10, 2017

Crowe Horwath

Horwath Mak
Member Crowe Horwath International

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Ref: (FM/B-1702b/May'17)

Independent auditor's report

To,
The Shareholders
SRL Diagnostics FZ-LLC
P.O. Box 505143
Dubai Healthcare City
Dubai - United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai - United Arab Emirates** ("Entity") which comprise the statement of financial position as at **March 31, 2017,** and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2017, and its financial performance and its cash flows for the year 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 requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe Horwath.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

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.

Crowe Horwath.

Report on other legal and regulatory requirements

As required by the applicable provisions of the Dubai Healthcare City Free Zone Private Companies Regulations 2003, we further confirm that:

1. We have obtained all the information and explanations which we consider necessary for our audit,
2. The financial statements have been prepared and comply in all material respects with the applicable provisions of the Dubai Healthcare City Free Zone Private Companies Regulations 2003, and the Memorandum and Articles of Association of the Entity,
3. Proper books of accounts have been maintained by the Entity,
4. The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account,
5. Entity has not made any investments in share and stocks during the year ended March 31 2017,
6. Note 5 to the financial statements reflects the disclosures relating to material related party transactions and the terms
7. Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended March 31 2017, any of the applicable provisions of the applicable provisions of the Dubai Healthcare City Free Zone Private Companies Regulations 2003 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at March 31, 2017.

Zayd Khalid Maniar
Partner
Horwath Mak
Registration Number 579
Dubai, U.A.E.

هورؤث ماك
P O Box 6747
DUBAI-U.A.E.
HORWATH MAK

May 10, 2017

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of financial position as at March 31, 2017
(In Arab Emirates Dirham)

	Notes	**2017**	2016
Assets			
Non-current assets			
Property, plant and equipment	4	**1,222,466**	509,004
Total non current assets		**1,222,466**	509,004
Current assets			
Inventories	6	**1,845,400**	1,444,274
Trade receivables	7	**11,638,284**	10,063,850
Advances, deposits and other receivables	8	**1,204,998**	1,226,742
Due from related parties	5	**1,323,499**	1,259,172
Cash and bank balances	9	**32,375**	555,786
Total current assets		**16,044,556**	14,549,824
Total assets		**17,267,022**	15,058,828
Equity and liabilities			
Equity			
Share capital	10	**300,000**	300,000
Reserve	11	**84,644,269**	-
Accumulated losses	12	**(82,857,097)**	(77,160,900)
Shareholders' loan	13	**-**	83,669,613
Total equity		**2,087,172**	6,808,713
Non-current liabilities			
Loans from related party	5	**58,846**	78,277
Employees' end of service benefits	14	**586,959**	387,227
Total non-current liabilities		**645,805**	465,504
Current liabilities			
Trade and other payables	15	**6,651,335**	3,769,699
Due to related parties	5	**7,882,710**	4,014,912
Total current liabilities		**14,534,045**	7,784,611
Total liabilities		**15,179,850**	8,250,115
Total equity and liabilities		**17,267,022**	15,058,828

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 29 were approved on May 10, 2017 and signed on behalf of the Entity, by:

Director

SRL Diagnostics FZ-LLC

Dubai Healthcare City, Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2017
(In Arab Emirates Dirham)

	Notes	2017	2016
Revenue	16	**17,872,138**	20,586,606
Direct cost	17	**(12,401,192)**	(14,275,435)
Gross profit		**5,470,946**	6,311,171
Other income	18	**10,190**	264,540
Selling and distribution expenses	19	**(471,682)**	(598,774)
Administrative expenses	20	**(9,665,099)**	(9,442,325)
Finance costs	21	**(1,040,552)**	(3,938,870)
(Loss) for the year		**(5,696,197)**	(7,404,258)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year	12	**(5,696,197)**	(7,404,258)

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 6.

The financial statements on pages 7 to 29 were approved on May 10, 2017 and signed on behalf of the Entity, by:

Director

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2017
(In Arab Emirates Dirham)

	Share capital	Reserve	Retained earnings	Shareholders' loan	Total equity
Balance as at March 31, 2015	300,000	-	(69,756,642)	75,307,759	5,851,117
Total comprehensive (loss) for the year	-	-	(7,404,258)	-	(7,404,258)
Net movements	-	-	-	8,361,854	8,361,854
Balance as at March 31, 2016	300,000	-	(77,160,900)	83,669,613	6,808,713
Total comprehensive (loss) for the year	-	-	(5,696,197)	-	(5,696,197)
Transferred from shareholder loan account		84,644,269			84,644,269
Net movements	-	-	-	974,656	974,656
Loan waived off				(84,644,269)	(84,644,269)
Balance as at March 31, 2017	**300,000**	**84,644,269**	**(82,857,097)**	-	**2,087,172**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

SRL Diagnostics FZ-LLC

Dubai Healthcare City, Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2017

(In Arab Emirates Dirham)

	2017	2016
Cash flows from operating activities		
Net (loss) for the year	**(5,696,197)**	(7,404,258)
Adjustments for:		
(Gains) on sale of property, plant and equipment	-	(2,480)
Depreciation on property, plant and equipment	**202,241**	460,948
Provision for employees' end of service benefits	**435,000**	405,000
	(5,058,956)	(6,540,790)
(Increase) / decrease in current assets		
Inventories	**(401,126)**	2,556
Trade receivables	**(1,574,434)**	(1,521,384)
Advances, deposits and other receivables	**21,744**	(222,942)
Due from related parties	**(64,327)**	(17,023)
Increase / (decrease) in current liabilities		
Trade and other payables	**2,881,636**	664,577
Due to related parties	**3,867,798**	(455,175)
Cash generated (used in) operations	**(327,665)**	(8,090,181)
Employees' end-of-services benefits paid	**(235,268)**	(73,760)
Net cash (used in) operating activities	**(562,933)**	(8,163,941)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(915,703)**	(349,244)
Proceeds from sale of property, plant and equipment	-	2,480
Net cash (used in) investing activities	**(915,703)**	(346,764)
Cash flows from financing activities		
Repayment of loans from related parties	**(19,431)**	(24,265)
Shareholders' loan	**974,656**	8,361,854
Net cash from financing activities	**955,225**	8,337,589
Net (decrease) in cash and cash equivalents	**(523,411)**	(173,116)
Cash and cash equivalents, beginning of the year	**555,786**	728,902
Cash and cash equivalents, end of the year	**32,375**	555,786
Cash and cash equivalents		
Cash in hand	**32,375**	1,433
Cash at banks	-	554,353
	32,375	555,786

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 6.

1 Legal status and business activities

1.1 **SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai – United Arab Emirates** (the "Entity") was incorporated in February 11, 2009 as a free zone Entity with a limited liability under commercial license issued by the Dubai Healthcare City of the Government of Dubai.

The Entity has changed its name from Super Religare Laboratories International FZ-LLC to SRL Diagnostics FZ-LLC on March 06, 2014.

1.2 The Entity is licensed by the Dubai Healthcare City of the Government of Dubai to operate as diagnostic centre.

1.3 The registered office of the Entity is located at Units No. 107, 108, 118 & 119, Building No. 64, Dubai Healthcare City, P.O. Box 505143, Dubai, United Arab Emirates.

1.4 The management and control are vested with Mr. Arindam Haldar. , Indian National.

1.5 These financial statements incorporate the operating results of the commercial license no. 00358.

2 New and amended standards

2.1 New and revised IFRSs applied with no material effect on the financial statements

The Entity has applied the following standards and amendments for the first time for their annual reporting period commencing January 01, 2016. The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Annual Improvements to IFRSs 2012-2014 cycles:

• IFRS 7 "Financial Instruments: Disclosures": Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Further with consequential amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

• IAS 19 "Employee Benefits": Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IAS 16 "Property, Plant and Equipment"and IAS 38 "Intangible Assets"clarify that revenue-based method of depreciation or amortisation is generally not appropriate.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.

2 New and amended standards (continued)

2.1 New and revised IFRSs applied with no material effect on the financial statements (continued)

Disclosure Initiative-Amendments to IAS 1"Presentation of Financial Statements" makes the following changes:

• Materiality: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

• Disaggregation and subtotals: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an Entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

• Notes: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

2.2 New and revised standards and amendments in issue but were not mandatory for annual reporting periods ending December 31, 2016.

New and revised standards and amendments	Effective for annual periods beginning on or after
Amendments in Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows) that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.	January 01, 2017
IFRS 9 "Financial Instruments": Issued on July 24, 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after January 01, 2018 with early adoption permitted (subject to local endorsement requirements).	January 01, 2018
IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations when it becomes effective.	January 01, 2018

2 New and amended standards (continued)

2.2 New and revised standards and amendments in issue but were not mandatory for annual reporting periods ending December 31, 2016. (continued)

2.2 New and revised standards and amendments(continued)

IFRS 16 "Leases": The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.	January 01, 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application. There are no other standards that are not yet effective and that would be expected to have a material impact on the Entity in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of UAE Laws. These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity functional and presentation currency.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain and financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

3.3 Current/Non current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or 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.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or 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 Entity classifies all other liabilities as non-current.

3 Significant accounting policies (continued)

3.4 Fair value measurement

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 principal or the most advantageous market must be accessible to by the Entity.

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

A 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.

3.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

3 Significant accounting policies (continued)

3.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

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 item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over its useful lives as follows:

	Years
Laboratory assets	5
Office partitions and improvements	5
Computers	5
Office equipment	5
Furniture and fixtures	5
Motor vehicles	5

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

3.7 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3 Significant accounting policies (continued)

3.8 Financial instruments

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

3.9 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss ' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", due from related parties", "shareholders' loan" and "loan from related parties" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

<u>Trade and other receivables</u>

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

<u>Due from/loan from related parties</u>

Due from/loans from related parties are measured at amortised cost.

<u>Impairment of financial assets</u>

Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3 Significant accounting policies (continued)

3.9 Financial assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Derecognition of financial assets

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

3.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, due to and loans from related parties.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trades payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to/loan from related parties

Amounts due to/loan from related parties are stated at amortised cost.

Loans and other borrowings

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. 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 profit or loss.

3 Significant accounting policies (continued)

3.11 Offsetting financial instruments

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.

3.12 Inventories

Inventories are stated at average cost and consist of mainly consumables and stores. Costs of inventories are determined on a weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

3.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, when the outcome of the transaction and related revenue and cost can be measured reliably, and that economic benefit flows to the Entity.

3.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

3 Significant accounting policies (continued)

3.15 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies (continued)

Revenue recognition

Under normal circumstances, in recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Revenue recognition (continued)

Management has considered the detailed criteria for the recognition of revenue from sale of goods as set out in International Accounting Standard 18 Revenue and in particular whether the Entity had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the significant risks and rewards have been transferred and the recognition of revenue is appropriate.

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

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Useful lives of property and equipment

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

Fair value measurment of financial instruments

For the purpose of fair value disclosures, the Entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.

4 Property, plant and equipment

	Laboratory assets	Office partitions and improvements	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total
Cost							
As at March 31, 2015	5,168,274	7,934,957	415,455	7,871	175	60,640	13,587,372
Additions during the year	238,358	-	83,556	-	2,480	24,850	349,244
Disposals during the year	-	-	-	-	-	(12,000)	(12,000)
As at March 31, 2016	5,406,632	7,934,957	499,011	7,871	2,655	73,490	13,924,616
Additions during the year	15,451	721,690	76,280	-	102,282	-	915,703
As at March 31, 2017	**5,422,083**	**8,656,647**	**575,291**	**7,871**	**104,937**	**73,490**	**14,840,319**
Accumulated depreciation							
As at March 31, 2015	4,814,319	7,849,760	269,371	6,657	175	26,381	12,966,664
Charge for the year	306,076	85,197	55,189	954	261	13,272	460,948
Eliminated on disposal during the year	-	-	-	-	-	(12,000)	(12,000)
As at March 31, 2016	5,120,395	7,934,957	324,560	7,611	436	27,653	13,415,612
Charge for the year	85,560	34,850	63,305	259	4,866	13,401	202,241
As at March 31, 2017	**5,205,955**	**7,969,807**	**387,865**	**7,870**	**5,302**	**41,054**	**13,617,853**
Carrying value as at March 31, 2017	**216,128**	**686,840**	**187,426**	**1**	**99,635**	**32,436**	**1,222,466**
Carrying value as at March 31, 2016	286,237	-	174,451	260	2,219	45,837	509,004

	Notes	For the year ended March 31, 2017	2016
		AED	AED
Direct expenses	17	**85,561**	306,076
Administrative	20	**116,680**	154,872
		202,241	460,948

5 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

	2017	2016
a) Due from related parties		
Mena Healthcare Investment Co. Ltd., BVI	**1,323,499**	1,259,172
	1,323,499	1,259,172
b) Due to related parties		
SRL Ltd., India	**7,882,710**	4,014,912
	7,882,710	4,014,912
c) Loans from related party		
Medical Management Co. Ltd, BVI	**58,846**	78,277
	58,846	78,277

The above loan is free of interest and without any fixed repayment schedule.

d) Transactions with related parties

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

	For the year ended March 31,	
	2017	2016
Outsourcing cost	**4,829,080**	4,290,386
Management fee	**192,849**	872,129
Interest on shareholder's loan	**1,005,005**	3,893,559

6 Inventories

Consumables and stores	**1,845,400**	1,444,274
	1,845,400	1,444,274

The inventories were kept in a laboratory at Dubai Healthcare City, Dubai, United Arab Emirates.

7 Trade receivables

	2017	2016
Trade receivables	**12,624,812**	11,298,512
Undeposited cheques (cleared subsequently)	**684,348**	-
Less: Allowance for doubtful debts	**(835,000)**	(555,000)
Lees: Provision for discount	**(835,876)**	(679,662)
	11,638,284	10,063,850

The average credit period for the trade receivables is 90-120 days (2016: 90-120 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the trade receivables as at March 31, 2017, there are 5 customers (2016: 5 customers) which represent 66.52% (2016: 35.03%) of the total receivables.

Ageing of receivables that are neither past due nor impaired:

1 - 90 days	**4,437,126**	5,245,400
91-150 days	**3,049,551**	2,266,242
151-180 days	**-**	745,626
180-365 days	**2,829,197**	2,455,911
Ageing of receivables that are past due and impaired		
More than 365 days	**2,308,938**	585,333
	12,624,812	11,298,512

Allowance for doubtful debt:

The movements in the allowance for doubtful debt as at reporting date are as follows:

Balance at the beginning of the year	**555,000**	315,000
Charge during the year (Note 19)	**280,000**	240,000
Balance at the end of the year	**835,000**	555,000

In determining the recoverability of trade receivables, the Entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit allowance required for doubtful debts.

Geographical analysis:

The geographical analysis of trade receivables are as follow:

Within U.A.E.	**5,754,024**	8,994,142
G.C.C.	**6,870,788**	2,304,370
	12,624,812	11,298,512

8 Advances, deposits and other receivables

Labour guarantee	**156,924**	156,124
Advances to suppliers	**56,973**	79,455
Staff loans and advances	**50,423**	88,556
Prepayments	**928,180**	882,982
Other receivables - net	**12,498**	19,625
	1,204,998	1,226,742

9 Cash and bank balances

Cash in hand	**32,375**	1,433
Cash at banks	**-**	554,353
	32,375	555,786

10 Share capital

The details of the shareholding as at reporting date are as follows:

The details of the shareholding as at reporting date are as follows:

Name of Shareholders	Incorporated in	Percentage	No. of shares	2017	2016
SRL Limited	India	100%	**300**	**300,000**	300,000
		100%	**300**	**300,000**	300,000

Shareholding of the Entity has been changed as on June 30, 2016 and total share capital of AED 300,000/- has been transferred in the name of SRL Limited, India from Fortis Healthcare International Pte. Limited.

11 Reserve

Transferred from shareholder loan account	**84,644,269**	
Balance at the end of the year	**84,644,269**	-

12 Accumulated losses

Balance at the beginning of the year	**(77,160,900)**	(69,756,642)
Loss for the year	**(5,696,197)**	(7,404,258)
Balance at the end of the year	**(82,857,097)**	(77,160,900)

13 Shareholders' loan

Balance at the beginning of the year	**83,669,613**	75,307,759
Net movements during the year	**974,656**	8,361,854
Loan waived off	**(84,644,269)**	-
Balance at the end of the year	-	83,669,613

14 Employees' end of service benefits

	2017	2016
Balance at the beginning of the year	**387,227**	55,987
Add: charge for the year	**435,000**	405,000
Less: paid during the year	**(235,268)**	(73,760)
Balance at the end of the year	**586,959**	387,227

15 Trade and other payables

	2017	2016
Trade payables	**5,654,136**	3,340,293
Salaries and benefits payable	**713,329**	171,011
Other payables	**283,870**	258,395
	6,651,335	3,769,699

16 Revenue

	For the year ended March 31,	
	2017	2016
Within U.A.E.	**15,576,671**	17,747,457
Outside U.A.E.	**2,295,467**	2,839,149
	17,872,138	20,586,606

17 Direct cost

	2017	2016
Inventories at the beginning of the year	**1,444,274**	1,446,830
Add: Net purchases	**4,611,785**	4,805,592
Total materials available	**6,056,059**	6,252,422
Less: Inventories, end of the year (note 6)	**(1,845,400)**	(1,444,274)
Materials used	**4,210,659**	4,808,148
Add: Direct expenses		
Salaries and wages	**3,031,711**	4,109,609
Cost of tests outsourced	**4,829,080**	4,811,125
Depreciation on property, plant and equipment (note 4)	**85,561**	306,076
Other direct costs	**244,181**	240,477
	12,401,192	14,275,435

18 Other income

	2017	2016
Gain on sale of property, plant and equipment	-	2,480
Foreign currency exchange gain - net	**190**	262,060
Others	**10,000**	-
	10,190	264,540

19 Selling and distribution expenses

	2017	2016
Advertisement and business promotions	**357,578**	402,399
Other selling and marketing expenses	**114,104**	196,375
	471,682	598,774

20 Administrative expenses

	For the year ended March 31,	
	2017	2016
Salaries and related benefits	**5,503,276**	4,717,819
Rent	**1,204,908**	1,278,857
Management fee	**192,849**	872,129
Printing and stationery	**122,778**	128,323
Travelling and entertainment	**54,278**	33,159
Legal, visa and professional	**614,382**	429,703
Utilities	**102,953**	112,878
Postage and courier	**275,811**	303,386
Depreciation on property, plant and equipment (Note 4)	**116,680**	154,872
Doubtful debts (Note 7)	**280,000**	240,000
Insurance	**411,142**	331,347
Communication	**304,624**	302,198
Repairs and maintenance	**250,325**	336,433
Conveyance	**110,785**	90,927
Vehicle maintenance	**68,480**	64,544
Others	**51,828**	45,750
	9,665,099	9,442,325

21 Finance costs

Bank charges	**35,547**	45,311
Interest on shareholder's loan (refer note 12)	**1,005,005**	3,893,559
	1,040,552	3,938,870

22 Financial instruments

a) Significant accounting policies

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

22 Financial instruments (continued)

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at March 31,		As at March 31,	
	2017	2016	**2017**	2016
Financial assets	Carrying amount		Fair value	
Trade receivables	**11,638,284**	10,063,850	**11,638,284**	10,063,850
Other receivables	**69,471**	99,080	**69,471**	99,080
Due from related parties	**1,323,499**	1,259,172	**1,323,499**	1,259,172
Cash and bank balances	**32,375**	555,786	**32,375**	555,786
	13,063,629	11,977,888	**13,063,629**	11,977,888
Financial liabilities				
Shareholders' loan	-	83,669,613	-	83,669,613
Loans from related party	**58,846**	78,277	**58,846**	78,277
Trade and other payables	**6,651,335**	3,769,699	**6,651,335**	3,769,699
Due to related parties	**7,882,710**	4,014,912	**7,882,710**	4,014,912
	14,592,891	91,532,501	**14,592,891**	91,532,501

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade receivables, due from related party and certain other assets. Financial liabilities consist of trade payables, shareholders' loan and accruals, due to related party, and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

23 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

a) Foreign currency risk management

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham and US Dollar to which Arab Emirates Dirham to US Dollar conversion is pegged.

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to interest free loans from its shareholders at its disposal to further reduce liquidity risk.

23 Financial risk management objectives (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at March 31, 2017			
Financial assets							
Trade receivables	-	-	-	-	11,638,284		11,638,284
Other receivables	-	-	-	-	69,471	-	69,471
Due from related parties	-	-	-	-	1,323,499	-	1,323,499
Cash and bank balances	-	-	-	32,375	-	-	32,375
	-	-	-	32,375	13,031,254	-	13,063,629
Financial liabilities							
Loans from related party	-	-	-	-	-	58,846	58,846
Trade and other payables	-	-	-	-	6,651,335	-	6,651,335
Due to related parties	-	-	-	-	7,882,710	-	7,882,710
	-	-	-	-	14,534,045	58,846	14,592,891
				As at March 31, 2016			
Financial assets							
Trade receivables	-	-	-	-	10,063,850	-	10,063,850
Other receivables	-	-	-	-	99,080	-	99,080
Due from related parties	-	-	-	-	-	1,259,172	1,259,172
Cash and bank balances	-	-	-	555,786	-	-	555,786
	-	-	-	555,786	10,162,930	1,259,172	11,977,888

23 Financial risk management objectives (continued)

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
	As at March 31, 2016						
Financial liabilities							
Shareholders' loan	-	-	-	-	-	83,669,613	83,669,613
Loans from related party	-	-	-	-	-	78,277	78,277
Trade and other payables	-	-	-	-	3,769,699	-	3,769,699
Due to related parties	-	-	-	-	4,014,912	-	4,014,912
	-	-	-	-	7,784,611	83,747,890	91,532,501

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in Note 7 and 8 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

24 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The Entity monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by equity. Net debt is calculated as trade and other payables, total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is equivalent to shareholder equity as shown in the statement of financial position.

25 Contingent liabilities

	2017	2016
Letter of guarantee	**156,924**	156,124

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

26 Commitments

Except for the above and the ongoing business obligations, which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Entity's financial statements as at reporting date.

27 Comparative amounts

Figures for the previous year have been regrouped and reclassified wherever found necessary in order to conform with the current year presentation.