HCL Infosystems Qatar WLL

Financial statements
for the nine month period ended 31 March 2016

HCL Infosystems Qatar WLL

Financial statements for the nine month period ended 31 March 2016

(All amounts expressed in Qatari Riyals unless otherwise stated)

HCL Infosystems Qatar WLL

Directors' report
For the nine month period ended 31 March 2016

The Directors of HCL Infosystems Qatar WLL (the "Company") submit their report together with the audited financial statements for the nine month period ended 31 March 2016.

Principal activity

The Company is mainly engaged in IT infrastructure managed services.

Results and appropriations

The results of the Company for the nine month period ended 31 March 2016 are set out on page 4 of the financial statements. No dividend was declared or paid during the period.

Directors

The Directors who served during the year were:

- Mr. Ebrahim Ahmad H.M. Al Neama
- Mr. Ullattil Achu
- Mr. Manoj Shrivastava

Auditors

The financial statements have been audited by PricewaterhouseCoopers who offer themselves for reappointment.

Mr. Manoj Shrivastava
Director
20 September 2016

pwc

Independent auditor's report
to the shareholders of HCL Infosystems Qatar WLL

Report on the financial statements

We have audited the accompanying financial statements of HCL Infosystems Qatar WLL (the "Company"), which comprise the statement of financial position as of 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the nine month period from 1 July 2015 to 31 March 2016 then ended, and a summary of significant accounting policies and other explanatory notes 1 to15.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2016 and its financial performance and its cash flows for the nine month period from 1 July 2015 to 31 March 2016 then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers – Qatar Branch, P.O.Box: 6689, Doha, Qatar
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Independent auditor's report
to the shareholders of HCL Infosystems Qatar WLL (continued)

Report on other legal and regulatory requirements

Further, as required by the Qatar Commercial Companies Law No. 11 of 2015 we report that:

1. We have obtained all the information we considered necessary for the purpose of our audit;
2. The Company has maintained proper books of account and the financial statements are in agreement therewith; and
3. The financial information contained in the Directors' report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 March 2016.

Mohamed Elmoataz
PricewaterhouseCoopers - Qatar branch

Auditor's registration number 281
Doha, 27 September 2016

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2016	As at 30 June 2015
ASSETS			
Non-current asset			
Equipment	6	**9,692**	18,490
Current assets			
Trade and other receivables	5	**4,104,910**	2,752,983
Due from a related party	12	**1,388,108**	960,988
Cash and bank balances	7	**1,546,286**	968,664
		7,039,304	4,682,635
Total assets		**7,048,996**	4,701,125
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	**200,000**	200,000
Statutory reserve	9	**200,000**	182,489
Retained earnings		**4,889,733**	1,529,574
Total equity		**5,289,733**	1,912,063
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	10	**334,472**	302,559
Current liabilities			
Trade and other payables	11	**1,130,503**	2,242,207
Income tax payable		**294,288**	244,296
		1,424,791	2,486,503
Total liabilities		**1,759,263**	2,789,062
Total equity and liabilities		**7,048,996**	4,701,125

These financial statements were approved by the Board of Directors on 20 September 2016 and signed on its behalf by:

Mr. Manoj Shrivastava
Director

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Period ended 31 March 2016	Year ended 30 June 2015
Revenue	13	**13,845,469**	18,293,155
Cost of sales		**(7,078,007)**	(9,730,352)
Gross profit		**6,767,462**	8,562,803
Selling, general and administrative expenses	14	**(3,095,085)**	(6,768,676)
Operating profit for the period/year		**3,672,377**	1,794,127
Finance cost		**(419)**	(13,800)
Profit for the period/year before tax		**3,671,958**	1,780,327
Income tax	16	**(294,288)**	(244,296)
Net profit for the period/year		**3,377,670**	1,536,031
Other comprehensive income		**-**	-
Total comprehensive income for the period/year		**3,377,670**	1,536,031

STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Total
At 1 July 2014	200,000	28,886	147,146	376,032
Profit for the year – total comprehensive income for the year	-	-	1,536,031	1,536,031
Transfer to statutory reserve	-	153,603	(153,603)	-
At 30 June 2015	200,000	182,489	1,529,574	1,912,063
At 1 July 2015	**200,000**	**182,489**	**1,529,574**	**1,912,063**
Profit for the period – total comprehensive income for the period	**-**	**-**	**3,377,670**	**3,377,670**
Transfer to statutory reserve	**-**	**17,511**	**(17,511)**	**-**
At 31 March 2016	**200,000**	**200,000**	**4,889,733**	**5,289,733**

STATEMENT OF CASH FLOWS

	Notes	Period ended 31 March 2016	Year ended 30 June 2015
Cash flows from operating activities			
Profit for the period/year before income tax		**3,671,958**	1,780,327
Adjustments for:			
Provision for impairment of trade receivables	13	**289,363**	1,199,027
Provision for employees' end of service benefits	10	**103,812**	240,102
Depreciation on equipment	6	**8,797**	11,677
Finance cost		**419**	13,800
Operating cash flow before payment of employees' end of service benefits and changes in working capital		**4,074,349**	3,244,933
Payment of employees' end of service benefits	10	**(71,899)**	(21,450)
Changes in working capital:			
Trade and other receivables		**(1,641,289)**	(877,226)
Trade and other payables		**(1,356,000)**	1,390,460
Due from a related party		**(427,120)**	(960,988)
Due to a related party		**-**	(3,819,807)
Net cash generated from/(used in) operating activities		**578,041**	(1,044,078)
Cash flows from financing activity			
Finance cost paid		**(419)**	(13,800)
Net cash used in financing activity		**(419)**	(13,800)
Net increase/(decrease) in cash and cash		**577,622**	(1,057,878)
Cash and cash equivalents at the beginning of the period/year		**968,664**	2,026,542
Cash and cash equivalents at end of the period/year	7	**1,546,286**	968,664

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status and activities

HCL Infosystems Qatar WLL (the "Company") was registered on 26 January 2012 with the Qatar Chamber of Commerce and Industry. The Company's registered office address is P.O. Box 3841, Doha, Qatar.

The shareholding structure of the Company is as follows:

Name of the shareholders	Shareholding
Dyarco INTL. Trading CO	51%
HCL INFOSYSTEMS MEA LLC	49%

The shares held by the above stated shareholders are for the beneficial interest of HCL Infosystems MEA FZE (the "parent company"), which is ultimately owned by HCL Infosystems Limited, India (the "ultimate parent company").

The Company is mainly engaged in IT infrastructure managed services.

Qatar Companies Law No. 11 of 2015 (the "Companies Law") which is applicable to the Company has come into effect from 16 June 2015. The Company has until February 2016 to fully comply with the Companies Law under the transitional provisions set out therein. However, the Executive Regulations necessary to apply the Companies Law have not yet been issued by the Ministry of Economy and Commerce. Therefore, the Company has to continue to apply the provisions of the preceding Companies Law No. 5 of 2002, as long as they do not contradict with the new Companies Law. The Company is currently assessing and evaluating the relevant provisions of the Companies Law and do not anticipate significant impact on its current activities or Articles of Incorporation.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period/year presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

During the current period, the Company has changed its financial year end from 30 June to 31 March. Accordingly, the current period figures are for the nine month period from 1 July 2015 to 31 March 2016 and to the extent are not comparable with those of the previous year.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards, amendments and interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of these amendments did not have any impact on the current period or any prior period and are not likely to affect future periods.

The Company also elected to adopt the following two amendments early:

- Annual Improvements to IFRSs 2012-2014 Cycle, and
- Disclosure Initiative: Amendments to IAS 1.

As these amendments merely clarify the existing requirements, they do not affect the Company's accounting policies or any of the disclosures.

(b) New and amended standards not yet adopted by the Company

Certain new standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning after 1 July 2015 or later periods, but have not been early adopted by the company. Management is currently assessing the following standards and amendments which are likely to have an impact on the company's consolidated financial statement

- IAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2016);
- IAS 16 (amendment), 'Property, plant and equipment', (effective from 1 January 2016);
- IFRS 7 (amendment), 'Financial instruments: Disclosures' (effective from 1 July 2016);
- IFRS 9 (amendment), 'Financial instruments', (effective from 1 January 2018) and
- IFRS 15 (amendment), 'Revenue from contracts with customers', (effective from 1 January 2017)

The impact of above standards and amendments are currently being assessed by management but are not expected to have a material impact on the Company's financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency of the Company is Qatari Rial ("QR"). The financial statements are presented in QR, which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income

2.3 Equipment

(a) Recognition and measurement

Items of equipment are measured at historical cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

(b) Subsequent costs

The cost of replacing an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of equipment are recognised in the profit or loss as incurred.

(c) Depreciation

Depreciation is calculated on the straight-line method, at rates calculated to allocate their cost to their estimated residual value over their expected useful life. The expected useful of equipment is 4 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

(d) Gains and losses on disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within 'selling and administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.4 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Financial assets

2.6.1 Classification

The Company currently classifies its financial assets as 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

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 current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise of 'trade and other receivables (excluding prepayments)', 'due from related parties' and 'cash and bank balances' in the statement of financial position.

2.6.2 Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.7 Impairment of financial assets

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.8 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows include current accounts with banks.

2.9 Share capital

Ordinary shares are classified as equity.

2.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow will be required to settle the obligation; and the amount has been reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.11 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance expense.

2.12 Employee benefits

2.12.1 Retirement benefits

The Company operates defined benefit retirement plans.

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. In accordance with Qatar Labour Law number 14 of 2004, the Company makes payments to non-Qatari employees on their retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (re-measurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.12 Employee benefits (continued)

2.12.2 Leave entitlement

A provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the date of financial position. This provision is included in trade and other payables.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts and returns. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services

Service income includes income from IT infrastructure managed services. Revenues relating to time and materials contracts are recognised as the related services are rendered. Revenue in case of fixed price contracts is recognised on percentage of completion basis. Revenue from a period based service contracts is recognised on a pro rata basis over the period in which such services are rendered.

2.14 Income tax

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the Qatar Income Tax Law number 21 of 2009. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.15 Operating leases

Leases in which a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company reviews and agrees policies for managing each of these risks and these policies are summarised below.

3.1 Financial risk factors

(a) Market risk

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has no significant exposure to foreign currency risk as the transactions are mainly transacted in QR and US Dollar to which QR is currently pegged.

(ii) Cash flow and interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is currently not exposed to interest rate risk.

(iii) Price risk

The Company is not exposed to price risk as it has no price sensitive financial instruments.

(b) Credit risk

Credit risk is the risk that the counterparty will cause a financial loss to the Company by failing to discharge an obligation. Credit risk mainly arises from trade and other receivables, balances from related parties and cash and bank balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Total	Less than 1 year
31 March 2016		
Trade and other payables	**1,130,503**	**1,130,503**
30 June 2015		
Trade and other payables	2,242,207	2,242,207

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders.

As at 31 March 2016, the Company does not carry any short-term or long-term interest bearing debt and accordingly it is un-geared.

3.3 Fair value estimation

At 31 March 2016, the Company did not have any financial assets or liabilities that are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

4 Critical judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, Management is required to make judgments, 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 following are 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.

Impairment provision for trade and other receivables

The impairment reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments. The provision is based on the ageing of the customers' accounts, customer defaults, the customers' credit worthiness and the historical write off experience. Changes to the estimated impairment provision may be required if the financial condition of the customers was to improve or deteriorate.

5 Trade and other receivables

	2016	2015
Trade receivables		
Less: Provision for impairment	**3,889,323**	4,202,841
	(1,935,985)	(1,646,622)
	1,953,338	2,556,219
Prepayments and deposits	**144,105**	196,764
Accrued income	**2,007,467**	-
	4,104,910	2,752,983

As at 31 March 2016 trade receivables of QR 1,904,338 (2015: QR 2,206,567) were fully performing.

As at 31 March 2016, trade receivables of QR 49,000 (2015: QR 349,652) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	2016	2015
1 month to 3 months	-	153,301
More than 3 months	**49,000**	196,351
	49,000	349,652

NOTES TO THE FINANCIAL STATEMENTS

5 Trade and other receivables (continued)

As at 31 March 2016, trade receivables of QR 1,935,985 (2015: QR 1,646,622) were past due and impaired and fully provided for. The movement in the Company's provision for impairment of trade receivables is as follows:

	2016	2015
At the beginning of the period/year	**1,646,622**	447,595
Charge for the period/year (Note 14)	**289,363**	1,199,027
At 31 March / 30 June	**1,935,985**	1,646,622

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of each class of receivable mentioned above. The carrying amount of the Company's trade and other receivables are denominated in Qatari Riyal and the Company does not hold any collateral as security.

6 Property and equipment

	Furniture and fixtures
At 1 July 2014	
Cost	46,710
Accumulated depreciation	(16,543)
Net book amount	30,167
Year ended 30 June 2015	
Opening book amount	30,167
Depreciation charge	(11,677)
Closing book amount	18,490
At 30 July 2015	
Cost	46,710
Accumulated depreciation	(28,220)
Net book amount	18,490
Period ended 31 March 2016	
Opening book amount	18,489
Depreciation charge	(8,797)
Closing book amount	**9,692**
At 31 March 2016	
Cost	46,710
Accumulated depreciation	(37,018)
Net book amount	**9,692**

NOTES TO THE FINANCIAL STATEMENTS

7 Cash and bank balances

	2016	2015
Cash in hand	**116**	-
Cash at bank	**1,546,170**	968,664
	1,546,286	968,664

8 Share capital

	2016	2015
Authorised, issued and fully paid:		
200 shares of QR 1,000 each	**200,000**	200,000

9 Statutory reserve

In accordance with the Company's Articles of Association (the "Articles"), and consistent with the Qatar Commercial Companies Law No. 11 of 2015 (the "Law"), 10% of the net annual profits shall be allocated for the account of statutory (compulsory) reserve. This deduction can be suspended if the reserve attains a value equivalent to 50% of the Company's capital. This reserve is not available for distribution except in the circumstances stipulated in the Articles consistent with the Law.

10 Provision for employees' end of service benefits

	2016	2015
At the beginning of the period/year	**302,559**	83,907
Charge for the period/year (Note 14)	**103,812**	240,102
Payments during the period/year	**(71,899)**	(21,450)
At 31 March/30 June	**334,472**	302,559

Management has carried out an exercise to assess the present value of its obligations at 31 March 2016 and 30 June 2015, in respect of employees' end of service benefits payable under the Qatar Labour Law. Under this method an assessment has been made of an employees' expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 5% (2015: 5%). The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 3.18% (2015: 3.15%).

NOTES TO THE FINANCIAL STATEMENTS

11 Trade and other payables

	2016	2015
Trade payables	**273,160**	132,436
Accrued expenses	**419,141**	1,486,869
Provision for staff benefits	**438,202**	622,902
	1,130,503	2,242,207

12 Related parties

Related parties comprise the shareholders, ultimate parent company and parent company and its associated companies and key management personnel and the businesses which they control or over which they have significant influence ("affiliates").

(a) Due from a related party

	2016	
HCL Infosystems MEA FZE (the parent company)	**1,388,108**	960,988

(b) Related party transactions

During the period/year, the Company entered into the following transactions with related parties in the ordinary course of business. These transactions were carried out at rates and on terms agreed between the related parties:

	2016	2015
Corporate overhead allocation	**1,881,773**	3,591,059

(c) Key management compensation

The Company's operation and managerial decisions are primarily performed by the parent company.

Accordingly, no disclosure for emoluments paid to key management personnel has been made.

13 Revenue

	2016	2015
Sales of services	**13,845,469**	18,293,155

NOTES TO THE FINANCIAL STATEMENTS

14 Selling and administrative expenses

	2016	2015
Corporate overhead allocation*	**1,881,773**	3,591,059
Provision for impairment of trade receivables (Note 5)	**289,363**	1,199,027
Staff costs (Note 15)	**352,381**	1,179,203
Legal and professional charges	**297,247**	307,900
Rent	**136,223**	115,579
Travel	**29,162**	70,362
Sales incentive	**44,675**	47,429
Communication	**18,585**	42,810
Depreciation	**8,797**	11,677
Insurance	**6,898**	6,898
Bank charges	**15,874**	1,265
Advertisement and business promotion	**2,233**	4,124
Other expenses	**11,874**	191,343
	3,095,085	6,768,676

*This represents overhead cost allocation by the parent company to the company for providing corporate management services.

15 Staff costs

	2016	2015
Salaries	**6,795,499**	7,957,254
Other staff costs and benefits	**15,790**	654,663
Employees' end of service benefits (Note 10)	**103,812**	240,102
	6,915,101	8,852,019

Staff costs for the period/year have been allocated as follows:

Cost of sales	**6,562,720**	7,672,816
Selling and administrative expenses (Note 14)	**352,381**	1,179,203
	6,915,101	8,852,019

16 Income tax

	2016	2015
Current tax		
Current tax on profits for the period/year	**294,288**	244,296

NOTES TO THE FINANCIAL STATEMENTS

16 Income tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2016	2015
Profit before tax	**3,671,958**	1,780,327
Tax calculated at applicable tax rate of 10%	**367,196**	178,033
Tax effects of:		
Income not subject to tax	**(73,572)**	(35,606)
Expenses not deductible for tax purpose	**664**	101,869
Income tax expense	**294,288**	244,296
Income tax payable:		
Opening balance	**244,296**	27,358
Income tax paid during the year	**(244,296)**	(27,358)
Income tax expense for the period/year	**294,288**	244,296
	294,288	244,296

17 Financial instruments

17.1 Credit quality of financial assets and credit exposure

The management has a formal policy to assess the credit quality of financial assets. Management ensures that it offers services to high quality customers having sound presence in the market.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2016	2015
Trade receivables		
(counterparties without external credit rating)		
Group 1	**561,565**	152,322
Group 2	**1,729,422**	2,403,897
Group 3	**1,598,336**	1,646,622
	3,889,323	4,202,841

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.
Group 3 – existing customers (more than 6 months) with some defaults in the past.

NOTES TO THE FINANCIAL STATEMENTS

17 Financial instruments (continued)

17.1 Credit quality of financial assets and credit exposure (continued)

The Company's cash and bank balances are deposits held in current account with a financial institution which management regard as being of high quality. The credit rating of the bank is given below:

	Credit Rating	2016	2015
Cash at bank			
Moody's ratings			
Bank A	A2	**1,546,170**	968,664

17.2 Financial instruments by category

The accounting policies for the financial instruments have been applied to the line items below:

	Loan and receivables	
	2016	2015
Assets as per statement of financial position		
Trade and other receivables* (Note 5)	**3,994,305**	2,605,781
Due from a related party (Note 12)	**1,388,108**	960,988
Cash and bank balances	**1,546,286**	968,664
	6,928,699	4,535,433

*Trade and other receivables excluding prepayments amounting to QR 110,605 (2015: QR 147,202).

	Other financial liabilities	
	2016	2015
Liabilities as per statement of financial position		
Trade and other payables (Note 11)	**1,130,503**	2,242,207