SUBSIDIARY FINANCIALS

Index of Subsidiary Financials as on March 31, 2015*	
Sr. No.	**Name of Subsidiary**
1.	KME Holdings Pte. Ltd.
2.	Kaya Middle East FZE

*The Audited financials of DIPL Singapore Pte Ltd., a step-down subsidiary of the Company have not been prepared as the same is under liquidation.

KME HOLDINGS PTE. LTD.

(Company No: 201328294H)

(Incorporated in Singapore)

FINANCIAL STATEMENTS - 31 March 2015

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2015.

Directors

The directors of the Company in office at the date of this report are:

Dharmendra Bhavarlal Jain
Chaitanya Jaikrishna Deshpande
Rohit Sen

Arrangements to enable directors to acquire benefits

Neither at the end of the financial year nor at any time during that year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Directors' interest in shares and debentures

The directors holding office at the end of the financial year and their interests in the shares and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 were as follows:

	Holdings registered in name of directors		Holdings in which director is deemed to have an interest	
	At 01.04.2014	At 31.03.2015	At 01.04.2014	At 31.03.2015
The Company				
KME Holdings Pte Ltd.				
Dharmendar Bhavarlal Jain	-	-	8,780,196	8,842,410
Immediate Holding Company				
Kaya Limited				
Dharmendar Bhavarlal Jain	1	1	-	-

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest

Share options

During the financial year, no option to take up unissued shares of the Company was granted.

During the financial year, there were no shares of the Company issued by virtue of the exercise of any option to take up unissued shares.

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

The independent auditor, Robert Yam & Co, has expressed its willingness to accept reappointment.

On behalf of the board of directors:

Dharmendar Bhavarlal Jain
Director

Chaitanya J. Deshpande

Chaitanya Jaikrishna Deshpande
Director

2 5 JUN 2015

In the opinion of the directors:

(a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Company for the period ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Chaitanya. J. Deshpande

Dharmendar Bhavarlal Jain	Chaitanya Jaikrishna Deshpande
Director	Director

25 JUN 2015

KME HOLDINGS PTE. LTD.

To the members of KME HOLDINGS PTE. LTD.

We have audited the accompanying financial statements of KME Holdings Pte. Ltd. (the "Company") which comprise the statement of financial position as at 31 March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 Singapore 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 judgment, 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 that give a true and fair view 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.

To the members of KME HOLDINGS PTE. LTD. (cont'd)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company at 31 March 2015 and the results, changes in equity and cash flows of the Company for the period ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Robert Yam and Co.

Public Accountants and
Chartered Accountants
Singapore

25 June 2015

DCC/CM/rbm

	Note	2015 S$	2014 S$
ASSETS			
Non-Current Assets			
Investment in subsidiaries	4	8,780,098	8,780,098
Current Assets			
Other receivables	5	4,525	500,100
Cash and cash equivalents	6	14,164	38,418
		18,689	538,518
Total assets		8,798,787	9,318,616
EQUITY AND LIABILITIES			
Equity			
Share capital	7	8,842,410	8,780,196
Accumulated losses		(1,061,621)	(21,686)
Total equity		7,780,789	8,758,510
Current Liabilities			
Other payables	8	9,701	560,106
Loan from subsidiary	9	1,008,297	-
		1,017,998	560,106
Net Current Liabilities		999,309	21,588
Total liabilities		1,017,998	560,106
Total equity and liabilities		8,798,787	9,318,616

The accompanying notes to the financial statements form an integral part of the financial statements.

Statement of Comprehensive Income
For the Financial Year Ended 31 March 2015

	Note	01.04.2014 to 31.03.2015 S$	18.10.2013 to 31.03.2014 S$
Revenue		-	-
Other operating expenses	10	(1,039,935)	(21,686)
Loss before income tax		(1,039,935)	(21,686)
Income tax expense	11	-	-
Net loss, representing total comprehensive income for the year/period		(1,039,935)	(21,686)

Statement of Changes in Equity
For the Financial Year Ended 31 March 2015

	Share capital S$	Accumulated losses S$	Total equity S$
Balance at 18 October 2013 (date of incorporation)	100	-	100
Net loss, representing total comprehensive income for the period	-	(21,686)	(21,686)
<u>Transactions with owners of the Company</u>			
Issue of ordinary shares (Note 7)	8,780,096	-	8,780,096
Total transactions with owners in their capacity as owners	8,780,196	-	8,780,196
Balance at 31 March 2014	8,780,196	(21,686)	8,758,510
Net loss, representing total comprehensive income for the year	-	(1,039,935)	(1,039,935)
<u>Transactions with owners of the Company</u>			
Issue of ordinary shares (Note 7)	62,214	-	62,214
Balance at 31 March 2014	8,842,410	(1,061,621)	7,780,789

The accompanying notes to the financial statements form an integral part of the financial statements.

	Note	01.04.2014 to 31.03.2015 S$	18.10.2013 to 31.03.2014 S$
Cash flows from operating activities:			
Loss before income tax		(1,039,935)	(21,686)
Operating cash flow before working capital changes			
Changes in working capital:			
Other receivables		495,575	(500,100)
Other payables		(550,405)	560,106
Net cash (used in)/generated from operating activities		(1,094,765)	38,320
Cash flows from investing activity			
Acquisition of investment in subsidiaries		-	(8,780,098)
Net cash flows used in investing activity		-	(8,780,098)
Cash flows from financing activities:			
Proceeds of loan from subsidiary		1,008,297	-
Proceeds from issue of ordinary shares		62,214	8,780,196
Net cash from financing activities		1,070,511	8,780,196
Net (decrease)/increase in cash and cash equivalents		(24,254)	38,418
Cash and cash equivalents at beginning of year/period		38,418	-
Cash and cash equivalents at end of year/period	6	14,164	38,418

The accompanying notes to the financial statements form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

KME Holdings Pte. Ltd. ("the Company") is a limited liability private company which is incorporated and domiciled in Singapore.

Its registered office is located at 8 Cross Street, #28-00 PWC Building, Singapore 048424.

The Company is a wholly-owned subsidiary of Kaya Limited, incorporated in India, which is the immediate holding company and its ultimate holding company is MaKE Limited, incorporated in India.

The principal activity of the Company is that of investment holding.

The financial statements as at and for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 25 June 2015.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The Company has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

(b) Consolidation

The financial statements of the Company do not include consolidated financial statements of its group as required by section 201 (3A) of the Companies Act, Cap. 50 and FRS 110 *Consolidated Financial Statements* as the ultimate holding company produces consolidated financial statements, which are available for public use. The consolidated financial statements of the ultimate holding company are available at 7th Floor Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai, India.

2. Significant accounting policies (cont'd)

(c) Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from the involvement with the investee and has the ability to affect those returns through the power over the investee.

In the Company's separate financial statements, investment in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(d) Impairment of non-financial assets

Investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

(e) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

2. Significant accounting policies (cont'd)

(e) Financial assets (cont'd)

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(f) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. Significant accounting policies (cont'd)

(f) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, 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 discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Significant accounting policies (cont'd)

(h) Financial liabilities (cont'd)

Derecognition

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

(i) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit nor loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. Significant accounting policies (cont'd)

(k) Currency translation

(i) 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 financial statements are presented in Singapore Dollar ("S$"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(l) Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

2. Significant accounting policies (cont'd)

(l) Related parties (cont'd)

(b) An entity is related to the Company if any of the following conditions applies (cont'd):

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

(a) Judgments made in applying accounting policies

In the process of applying the Company's accounting policies, management has made no judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at each end of each reporting period, 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.

Estimated impairment of non-financial assets

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The Company considers the guidance of FRS 36 in assessing whether there is any objective evidence or indication that an item of the above assets may be impaired. This assessment requires significant judgment.

If any such objective evidence or indication exists, the recoverable amount of the assets is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

In determining the value-in-use of assets, the Company applies a discounted cash flow model whereby the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flows are estimated based on financial budgets and forecasts approved by the management.

4. Investment in subsidiaries

	2015 S$	2014 S$
Shares, at cost	8,780,098	8,780,098

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Cost of Investment 2015 S$	Cost of Investment 2014 S$	Percentage of equity held 2015 %	Percentage of equity held 2014 %
Held by the Company						
Kaya Middle East FZE	U.A.E	Skin care and Cosmetic Products	8,780,097	8,780,097	100	100
DIPL (Singapore) Pte Ltd	Singapore	Skin care and Cosmetic Products	1	1	100	100
			8,780,098	8,780,098		

5. Other receivables

	2015 S$	2014 S$
Amount due from immediate holding company	-	100
Amount due from subsidiary	4,525	-
Refundable deposit	-	500,000
	4,525	500,100

Amounts due from immediate holding company and subsidiary are non-trade related, unsecured, non-interest bearing and are repayable on demand.

Refundable deposit of S$500,000 is the amount paid to Tardis Capital Private Limited in relation to providing financial advisory services in connection to identifying potential investors to sell in part or whole the Company's interest in shareholdings in its subsidiary, Kaya Middle East FZE. The refundable deposit has been recovered during the year as the services did not continue.

6. Cash and cash equivalents

	2015 S$	2014 S$
Cash at bank	14,164	38,418

7. Share capital and share application

	2015	2014
	S$	S$
Issued and fully paid		
Beginning of financial year/period		
- 8,780,196 (2014: 100) ordinary shares	8,780,196	100
Issue of 62,214 (2014: 8,780,096) ordinary shares	62,214	8,780,096
End of financial year		
– 8,842,410 (2014: 8,780,196) ordinary shares	8,842,410	8,780,196

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The Company has one class of ordinary shares which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company.

During the financial year, the Company issued 62,214 ordinary shares for a total consideration of S$62,214 for cash to provide additional working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

8. Other payables

	2015	2014
	S$	S$
Amount due to a subsidiary – non-trade	-	539,028
Accruals	3,300	3,500
Non related parties	6,401	17,578
	9,701	560,106

Non-trade amount due to a subsidiary is unsecured, non-interest bearing and are repayable on demand. During the financial year, this amount has been fully settled.

Other payables are denominated in the following currencies:

	2015	2014
	S$	S$
Singapore Dollars	9,701	21,078
US Dollars	-	539,028
	9,701	560,106

9. Loan from subsidiary

	2015	2014
	S$	S$
Loan from subsidiary	1,008,297	-

9. Loan from subsidiary (cont'd)

Loan amount due to subsidiary is unsecured, non-interest bearing and is repayable within 6 months.

Loan from subsidiary is denominated in United States Dollar.

10. Other operating expenses

Other operating expenses included the following:

	01.04.2014 to 31.03.2015 S$	18.10.2013 to 31.03.2014 S$
Audit fee	4,380	3,500
Professional fee	-	17,576
Contract cancellation fee	1,034,934	-

Contract cancellation fee represents the fee paid to the potential buyer arising from the cancellation of sales and purchase agreement to sell the Company's stake in its subsidiary, Kaya Middle East FZE.

11. Income tax expense

	01.04.2014 to 31.03.2015 S$	18.10.2013 to 31.03.2014 S$
Current tax expense	-	-
Reconciliation of effective tax rate:		
Loss before tax	(1,039,935)	(21,686)
Tax calculated at statutory tax rate of 17% (2014: 17%)	(176,788)	(3,687)
Expenses not deductible for tax purposes	176,788	3,687
Income tax expense	-	-

12. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Note	2015 S$	2014 S$
Financial assets			
Loans and receivables:			
Other receivables	5	4,525	500,100
Cash and cash equivalents	6	14,164	38,418
		18,689	536,518

12. Categories of financial assets and liabilities (cont'd)

	Note	2015 S$	2014 S$
Financial liabilities			
Financial liabilities measured at amortised cost:			
Current:			
Other payables	8	9,701	560,106
Loan from subsidiary	9	1,008,297	-
		1,017,998	560,106

A description of the accounting policies for each category of financial instruments is disclosed in Note 2(e) (Financial assets) and Note 2(h) (Financial liabilities). A description of the Company's financial risk management objectives and policies for financial instruments is given in Note 13.

13. Financial risk management

The main risks arising from the Company's financial instruments are credit risk, foreign currency risk and liquidity risk. The Company does not use derivatives and other instruments in its risk management activities. The Company does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks on an informal basis and they are summarised below:-

(a) Credit risk

Credit risk refers to the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables and cash and cash equivalents. The Company minimises credit risk by dealing only with high credit quality counterparties.

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

<u>Financial assets that are neither past due nor impaired</u>

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are mainly deposits placed with a reputable bank with a high credit rating.

<u>Financial assets that are past due and/or impaired</u>

The Company has not have any class of financial assets that are past due and/or impaired.

13. Financial risk management (cont'd)

(b) Foreign currency risk

The Company incurs foreign currency risk on transactions and balances that are denominated in a currency other than SGD. The currency giving rise to this risk is primarily the US Dollars (USD) and U.A.E Dirham. Exposure to foreign currency risk is monitored on an ongoing basis by the Company to ensure that the net exposure is at an acceptable level. However, the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit/loss after tax to a reasonably possible change in the USD and AED exchange rate against SGD, with all other variables including tax rate being held constant.

	2015 Loss after tax S$	2014 Loss after tax S$
USD/SGD – strengthened 3% (2014: 1%)	(25,107)	(5,928)
USD/SGD – weakened 3% (2014: 1%)	25,107	5,928
AED/SGD – strengthened 3% (2014: 1%)	-	96,420
AED/SGD – weakened 3% (2014: 1%)	-	(96,420)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents.

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less S$	Total S$
2015		
Other payables	9,701	9,701
Loan from subsidiary	1,008,297	1,008,297
	1,017,998	1,017,998
2014		
Other payables	560,106	560,106

14. Fair value of financial instruments

The carrying amounts of other receivables, cash and cash equivalents and other payables are reasonable approximation of fair values due to their short-term nature.

15. Capital management

Capital includes debt and equity items as disclosed in the table below.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Company's overall strategy remained unchanged from 2014.

Management monitors capital based on a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt or less net cash.

	2015 S$	2014 S$
Other payables	9,701	560,106
Loan from subsidiary	1,008,297	-
Less: Cash and cash equivalents	(14,164)	(38,418)
Net debt	1,003,834	521,688
Share capital	8,842,410	8,780,196
Accumulated losses	(1,061,621)	(21,686)
Total equity	7,780,789	8,758,510
Total capital	8,784,623	9,280,198
Gearing ratio	11.43%	5.62%

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015 and 2014.

16. Comparative figures

The financial statements for 2015 cover the financial year from 1 April 2014 to 31 March 2015. The financial statements for 2014 cover the financial period from 18 October 2013 (date of incorporation) to 31 March 2014. As such, the statement of comprehensive income, statement of changes in funds and statement of cash flows and related notes for the current financial year and the previous financial period are not comparable.

17. New or revised accounting standards and interpretations

At the date of authorisation of these financial statements, the following standards and interpretations have been issued but not yet effective and which the Company has not early adopted.

	Description	Effective for annual periods beginning on or after
Amendments to FRS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to FRS 102	Definition of Vesting Condition	*1 July 2014
Amendments to FRS 103	Accounting for Contingent Consideration in a Business Combination	**1 July 2014
Amendments to FRS 108	Aggregation of Operating Segments Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	1 July 2014
Amendments to FRS 16	Revaluation Method - Proportionate Restatement of Accumulated Depreciation	1 July 2014
Amendments to FRS 24	Key Management Personnel	1 July 2014
Amendments to FRS 38	Revaluation Method - Proportionate Restatement of Accumulated Amortisation	1 July 2014
Amendments to FRS 103	Scope Exceptions for Joint Ventures	1 July 2014
Amendments to FRS 113	Scope of paragraph 52 (portfolio exception)	1 July 2014
Amendments to FRS 40	Clarifying the Interrelationship between FRS 103 and FRS 40 when Classifying Property as Investment Property or Owner-occupied Property	1 July 2014
FRS 114	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27 *Separate Financial Statements*	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 *Property, Plant and Equipment*	Clarifying of Acceptable Methods of Depreciation and Amortisation	
Amendments to FRS 16 and FRS 41 *Property, Plant and Equipment* *Intangible Assets* *Agriculture*	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111 *Joint Arrangements*	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

17. New or revised accounting standards and interpretations (cont'd)

	Description	Effective for annual periods beginning on or after
Amendments to FRS 110 and FRS 28 *Consolidated Financial Statements* *Investments in Associate Joint Venture*	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2016
FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	Changes in Methods of Disposal	1 January 2016
FRS 107 *Financial Instruments: Disclosures*	Servicing Contracts Applicability of the Amendments to FRS 107 to Condensed Interim Financial Statements	1 January 2016
FRS 19 *Employee Benefits*	Discount Rate: Regional Market Issue	1 January 2016
FRS 34 *Interim Financial Reporting*	Disclosure of Information 'Elsewhere in the Interim Financial Report'	1 January 2016
FRS 115	Revenue from Contracts with Customers Illustrative Examples	1 January 2017
FRS 109	Financial Instruments, Illustrative Examples, Implementation Guidance, Amendments to Guidance on Other Standards	1 January 2018

* An entity shall prospectively apply that amendment to share-based payment transactions for which the grant date is on or after 1 July 2014.

** An entity shall apply that amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

The Company expects that the adoption of standards and interpretations above will have no material impact on the financial statements of the Company in the period of initial application.

The annexed detailed profit or loss account does not form part of the statutory accounts and therefore it is not covered by the independent auditor's report. It is not necessary to file the detailed profit or loss account with the Accounting & Corporate Regulatory Authority.

KME HOLDINGS PTE. LTD.

Detailed Trading and Profit and Loss Account
For the financial year ended 31 March 2015

	01.04.2014 to 31.03.2015 S$	18.10.2013 to 31.03.2014 S$
REVENUE	-	-
Less: OPERATING EXPENSES		
Audit fee	4,380	3,500
Bank charges	521	60
Legal expenses	100	-
Professional fees	-	17,576
Contract cancellation fee	1,034,934	-
Secretarial fee	-	550
	1,039,935	21,686
Loss for the year/period before tax	1,039,935	21,686

KAYA Middle East FZE

Financial statements
for the year ended 31 March 2015

KAYA Middle East FZE

Financial statements
for the year ended 31 March 2015

pwc

Independent auditor's report to the shareholder of KAYA Middle East FZE

Report on the financial statements

We have audited the accompanying financial statements of KAYA Middle East FZE ("the company") which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 company'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.

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pwc

Independent auditor's report to the shareholder of KAYA Middle East FZE (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As set out in Note 2.1 to the financial statements, at 31 March 2015 the company was in breach of Article 17 (N) of the Hamiriyah Free Zone Implementing Rules and Regulations Concerning the Estabilishment of Free Zone Establishments at Hamriyah Free Zone Issued Pursuant to Sharjah Emiri Decree No (6) of 1995 which requires the net assets of the company to be above 75% of the share capital of the company. The parent company has resolved that it is its intention to provide financial support to the company for a period of at least twelve months from the date of the approval of these financial statements, to enable the company both to meet its obligations as they fall due and to carry on its business without significant curtailment of its operations.

Except for the matter described in preceding paragraph, we report that the financial statements of the company comply with the applicable provisions of the Implementing Rules and Regulations issued pursuant to Sharjah Emiri Decree No. 6 of 1995, concerning the formation of Free Zone Establishments in the Hamriyah Free Zone.

PricewaterhouseCoopers
9 June 2015

Douglas O'Mahony

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

KAYA Middle East FZE

Statement of financial position

	Note	As at 31 March 2015 AED	2014 AED
ASSETS			
Non-current asset			
Property, plant and equipment	5	10,892,898	8,326,829
Goodwill		1,496,312	-
		12,389,210	8,326,829
Current assets			
Inventories	6	6,133,186	5,591,721
Trade and other receivables	7	6,981,569	5,827,853
Due from related parties	12	3,002,228	1,568,172
Cash and cash equivalents	8	14,222,093	7,688,310
		30,339,076	20,676,056
Total assets		42,728,286	29,002,885
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	9	55,050,000	55,050,000
Accumulated losses		(40,691,039)	(53,919,155)
Net equity		14,358,961	1,130,845
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	10	3,076,108	2,500,261
Current liabilities			
Trade and other payables	11	25,114,165	25,023,287
Due to related parties	12	179,052	348,492
		25,293,217	25,371,779
Total liabilities		28,369,325	27,872,040
Total equity and liabilities		42,728,286	29,002,885

These financial statements were approved by the Board of Directors on ...9... June 2015 and signed on its behalf by:

....
Director

KAYA Middle East FZE

Statement of comprehensive income

	Note	Year ended 31 March 2015 AED	2014 AED
Revenue		95,577,975	83,717,035
Direct costs	13	(53,597,184)	(52,932,264)
Gross profit		41,980,791	30,784,771
Other operating income		74,485	33,211
Expenses			
Selling and marketing expenses	14	(5,509,799)	(5,957,807)
Administrative and general expenses	15	(23,317,361)	(21,287,132)
Profit for the year		13,228,116	3,573,043
Other comprehensive income		-	-
Total comprehensive income for the year		13,228,116	3,573,043

KAYA Middle East FZE

Statement of changes in equity

	Share capital AED	Accumulated losses AED	Total AED
At 1 April 2013	55,050,000	(57,492,198)	(2,442,198)
Total comprehensive income for the year	-	3,573,043	3,573,043
At 31 March 2014	55,050,000	(53,919,155)	1,130,845
Total comprehensive income for the year	-	13,228,116	13,228,116
At 31 March 2015	55,050,000	(40,691,039)	14,358,961

The notes on pages 7 to 21 form an integral part of these financial statements.

KAYA Middle East FZE

Statement of cash flows

	Notes	Year ended 31 March 2015 AED	2014 AED
Cash flows from operating activities			
Profit for the year		13,228,116	3,573,043
Adjustments for:			
Depreciation	5	3,031,490	2,765,639
Reversal for slow moving and expired inventory	6	(119,734)	(298,893)
Provision for employees' end of service benefits	10	969,092	1,017,285
(Profit)/loss on sale on disposal of assets	5	(17,823)	94,545
Operating cash flows before payment of employees' end of service benefits and changes in working capital		17,091,141	7,151,619
Payment of employees' end of service benefits	10	(393,245)	(543,274)
Changes in working capital:			
Inventories before provision for slow moving and expired inventory	6	(421,731)	(633,109)
Trade and other receivables	7	(1,153,716)	194,237
Trade and other payables	11	90,878	(869,795)
Due to related parties	12	(169,440)	103,632
Due from related parties	12	(1,434,056)	(1,568,172)
Net cash generated from operating activities		13,609,831	3,835,138
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5,679,343)	(659,863)
Goodwill acquired during the year		(1,496,312)	-
Proceeds from disposal of assets		99,607	19,124
Net cash used in investing activities		(7,076,048)	(640,739)
Net increase in cash and cash equivalent		6,533,783	3,194,399
Cash and cash equivalents at beginning of year		7,688,310	4,493,911
Cash and cash equivalents at end of year	8	14,222,093	7,688,310

Notes to the financial statements for the year ended 31 March 2015

1 General information

KAYA Middle East FZE ("the company") was incorporated in Sharjah Hamriyah Free Zone on 25 December 2005 as a Free Zone Company with limited liability pursuant to Emirate Decree No 6 of 1995 of H. H. Sheikh Dr. Sultan Bin Mohammed Al-Qassimi, Ruler of Sharjah. The principal place of business is P.O. Box 41756, Sharjah, UAE.

The company is engaged in the business of providing products and services in the area of skin care treatment and aesthetics and import, export, trading in skin care machinery, consumables and products and providing related services.

These financial statements include assets, liabilities and the result of operations of skin care clinics operating in the United Arab Emirates, Sultanate of Oman and Kingdom of Saudi Arabia under the local sponsorship arrangements.

The company is a wholly owned subsidiary of "KME Holdings Pte Limited", a company registered in Singapore. The ultimate parent company is "Kaya Limited", a company registered in India.

2 Summary of significant accounting policies

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

2.1 Going concern

The company's financial statements have been prepared on a going concern basis. As at 31 March 2015, the company had accumulated losses of AED 40,691,039 (2014: AED 53,919,155). Consequently, at 31 March 2015 the company was in breach of Article 17 (N) of the Hamiriyah Free Zone Implementing Rules and Regulations Concerning the Estabilishment of Free Zone Establishments at Hamriyah Free Zone Issued Pursuant to Sharjah Emiri Decree No (6) of 1995 which requires the net assets of the company to be above 75% of the share capital of the company.

The parent company has confirmed its intention to provide support to the company to enable it to meet its liabilities as they fall due, as well as to carry on its business without significant curtailment of its operations. Accordingly, these financial statements have been prepared on a going concern basis.

2.2 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

2.2 Basis of preparation (continued)

(a) New and amended standards adopted by the company

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 April 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. (effective from 1 January 2014); and
- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. (effective from 1 January 2014).
- IAS 39 Financial instruments 'Financial instruments; Recognition and measurement' (effective 1 January 2014).

These amendments do not have a significant impact on the financial statements of the company.

(b) *Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the company*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company.

- IAS 16 and IAS 38 (Amendments), 'Property, plant and equipment' and 'Intangible assets', on depreciation and amortisation, (effective on or after 1 January 2016);
- IAS 16 and IAS 41 (Amendments), 'Property, plant and equipment' and 'Agriculture', on bearer plants (effective on or after 1 January 2016);
- IFRS 9 (Amendments), 'Financial instruments', (effective on or after 1 January 2018); and
- IFRS 15, 'Revenue from contracts with customer' (effective on after 1 January 2017).

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

2.3 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 financial statements are presented in United Arab Emirates Dirhams ("AED") which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into AED using the exchange rates prevailing at the dates of the transactions. 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 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The historical cost of equipment includes expenditure that is directly attributable to the acquisition of assets. 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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives, as follows:

	Years
Furniture and fixtures	3 – 7
Machinery and equipment	2 – 7
Office equipment	2 – 7
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4).

Capital work-in-progress is not depreciated. This will be depreciated as per company policy from the date the relevant assets are ready for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Goodwill

Goodwill arises on the acquisition of clinics and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred is less than the fair value of the net assets of the clinics acquired, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (continued)

2.6 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount 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 an 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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Inventories

Inventories comprise spare parts and consumables. Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.7 Financial assets

2.7.1 Classification

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company classifies its financial assets as loans and receivables. Where permitted, financial assets are reclassified between categories if there is a change in management's intent regarding the future use of the financial asset.

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 end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' (excluding advances and prepayments), due from related parties and cash and bank balances in the statement of financial position.

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using effective interest method.

2.7.3 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.

2 Summary of significant accounting policies (continued)

2.7 Financial assets (continued)

2.7.4 Impairment of financial assets

The company 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 incurred 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, 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.

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 comprehensive income.

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 Trade receivables

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, balances in current and deposit accounts with original maturity of less than or equal to three months.

2.10 Share capital

Ordinary shares are classified as equity.

2 Summary of significant accounting policies (continued)

2.11 Provision for employee benefits

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the statement of financial position date. A provision is also made, using actuarial techniques, for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the statement of financial position date. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability.

2.12 Trade payables and provisions

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a 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 interest expense.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of discounts and returns. The company recognises revenue when the amount of revenue can be reliably measured, 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 amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Sales of goods

Revenue from sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the risks and rewards have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

2 Summary of significant accounting policies (continued)

2.13 Revenue recognition (continued)

Rendering of services

Revenue from the rendering of services is recognised when the company has provided the services to the customer.

2.14 Leases

Leases in which a significant portion of the 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

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(a) Market risks

(i) Foreign exchange risk

The company is exposed to foreign exchange risk mainly on its transactions denominated in a currency other than the functional currency of the company.

The company does not have a significant foreign currency risk exposure since the majority of the transactions are denominated in AED, Omani Rial, Saudi Riyal or US Dollars and AED, Omani Rial, Saudi Riyal are currently pegged with the US Dollar.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company is not exposed to risk of changes in fair value or future cash flows of a financial instrument that will fluctuate because of changes in market prices as it does not hold any investments. The company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

At 31 March 2015 and 2014, the company was not exposed to cash flow interest rate risk as it did not have any financial assets or liabilities carrying variable interest rates.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that the counter party will cause a financial loss to the company by failing to discharge an obligation. Credit risk mainly arises from bank balances, trade and other receivables (excluding advances and prepayments) and due from related parties.

Credit risk arises from bank balances as well as credit exposures to customers, including outstanding receivables and committed transactions. Bank balances are with reputable banks. Significant bank balances are with the banks having the following credit ratings as per Moody's Investor Services.

		As at 31 March	
		2015	2014
		AED	AED
Bank	**Credit rating**		
A	Baa2	5,920,079	2,389,710
B	A1	7,854,862	5,030,383
		13,774,941	7,420,093

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The company relies mainly on funding from the parent company.

The company's financial liabilities comprise of trade and other payables (excluding advances from customers) and due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3.2 Capital risk management

The company's objectives when managing capital are to safeguard its 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 cost of capital. In order to maintain or adjust the capital structure, the company issue new shares or sell assets to reduce debt.

The parent company has confirmed its intention to continue to provide the financial support to the company for a period of at least twelve months from the date of signing of these financial statements to enable the company both to meet its obligations as they fall due and to carry on its business without a significant curtailment of its operations.

3.3 Fair value estimation

At 31 March 2015 and 2014, the fair values of the financial assets and liabilities of the company approximated their carrying values as reflected in these financial statements.

4 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Provision of slow moving and expired inventory

The provision reflects estimates of slow moving and expired inventory. The charge is based on the ageing of the inventory items, technological obsolescence, present conditions of items and the historical experience of business. Changes to the estimated provisions may be required if the demand for slow moving items increases or decreases or a firm commitment from a customer has been received.

(b) Impairment of property, plant and equipment and goodwill

Impairment of non-financial assets is a key area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long term period of four to seven years.
- The discount rates applied to cash flows are based on the company's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate. The weighted average cost of capital is 10%.
- Year on year growth rate assumptions are based on a conservative view of the long-term rate of growth. The year on year growth rate of revenue is 6% in the first and second year, 5% in the third and fourth year and then 4% thereafter.
- Average useful life of the leasehold improvements in clinics is 7 years.

Had the year on year growth rate been 5%, the company would not have recorded any charge or reversal of impairment (2014: impairment charge of AED 636,000) and there would not have been any impact on the profit for the year (2014: profit would have been lower by AED 636,000). Similarly, had the discount rate been higher by 1%, then no impairment charge or reversal would have been recorded (2014: impairment charge of AED 86,000) and there would not have been any impact on the profit for the year (2014: profit would have been lower by AED 86,000).

Notes to the financial statements for the year ended 31 March 2015 (continued)

5 Property, plant and equipment

	Furniture and Fixtures AED	Machinery and equipment AED	Office equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost						
At 1 April 2013	15,725,871	15,789,587	769,359	360,708	4,516	32,650,041
Additions	12,783	443,986	71,102	46,992	85,000	659,863
Disposals	(144,345)	(89,655)	(4,406)	-	(4,514)	(242,920)
At 31 March 2014	15,594,309	16,143,918	836,055	407,700	85,002	33,066,984
Additions	378,886	4,947,522	256,200	86,265	10,470	5,679,343
Disposals	-	(261,205)	(53,000)	-	-	(314,205)
Transfers	85,000	-	-	-	(85,000)	-
At 31 March 2015	16,058,195	20,830,235	1,039,255	493,965	10,472	38,432,122
Accumulated depreciation						
At 1 April 2013	12,323,310	8,969,021	642,881	168,555	-	22,103,767
Charge for the year	863,749	1,765,913	84,853	51,124	-	2,765,639
Disposals	(93,315)	(33,226)	(2,710)	-	-	(129,251)
At 31 March 2014	13,093,744	10,701,708	725,024	219,679	-	24,740,155
Charge for the year	885,411	2,047,446	76,295	22,338	-	3,031,490
Disposals	-	(179,421)	(53,000)	-	-	(232,421)
At 31 March 2015	13,979,155	12,569,733	748,319	242,017	-	27,539,224
Net book value:						
At 31 March 2015	2,079,040	8,260,502	290,936	251,948	10,472	10,892,898
At 31 March 2014	2,500,565	5,442,210	111,031	188,021	85,002	8,326,829

5 Property, plant and equipment (continued)

Allocation of depreciation expense	2015 AED	2014 AED
Charged to direct cost (Note 13)	2,903,200	2,617,130
Charged to administrative and general expenses (Note 15)	128,290	148,509
Total	3,031,490	2,765,639

6 Inventories

Consumables	6,844,397	6,422,666
Less: provision for slow moving and expired inventories	(711,211)	(830,945)
	6,133,186	5,591,721

The cost of inventories recognised as an expense and included in 'direct costs' amounted to AED 15,029,289 (2014: AED 14,912,117).

Movement in the provision for expired inventories is as follows:

	2015 AED	2014 AED
Opening provision	830,945	1,129,838
Reversal of provision	(119,734)	(298,893)
	711,211	830,945

7 Trade and other receivables

Trade receivables	242,935	485,185
Advances	1,736,993	966,375
Prepayments	3,270,646	2,924,030
Deposits	1,730,995	1,452,263
	6,981,569	5,827,853

As at 31 March 2015, trade receivables of AED 242,935 (2014: AED 485,185) are fully performing.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The company does not hold any collateral as security.

The carrying amounts of trade and other receivables are mainly denominated in AED.

8 Cash and cash equivalents

	2015 AED	2014 AED
Cash on hand	447,152	268,217
Bank balances in current accounts	13,774,941	7,420,093
Cash and bank balances	14,222,093	7,688,310

9 Share capital

	2015 AED	2014 AED
Issued and paid up:		
367 shares of AED 150,000 each (2014: 367 shares of AED 150,000 each)	55,050,000	55,050,000

10 Provisions for the employees' end of service benefits

	2015 AED	2014 AED
Opening balance	2,500,261	2,026,250
Provision for the year (Note 17)	969,092	1,017,285
Paid during the year	(393,245)	(543,274)
Closing balance	3,076,108	2,500,261

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations at 31 March 2015, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour laws. Under this method, an assessment has been made of an employee's 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% (2014: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.15% (2014: 4.48%).

11 Trade and other payables

	2015 AED	2014 AED
Trade payables	5,142,292	3,718,132
Accruals	5,869,293	6,189,800
Advances received from customers	14,102,580	15,115,355
	25,114,165	25,023,287

12 Related parties

Related parties include the shareholder, the ultimate parent company, key management personnel, associates, directors and businesses which are controlled directly or indirectly by the shareholder, the ultimate parent company or directors or over which they exercise significant management influence (hereinafter referred to as "affiliates"). At the reporting date significant balances with related parties were as follows:

	2015 AED	2014 AED
Due to related parties	179,052	348,492
Due from related parties	3,002,228	1,568,172

Significant transactions entered into at mutually agreed terms with related parties during the period were as follows:

	2015 AED	2014 AED
Advance to affiliate	2,936,000	1,561,025
Purchases of goods and services from affiliates	547,916	511,457
Key management personnel compensation		
Salaries and benefits	1,624,862	1,434,021
End of service benefits	16,100	214,750
	1,640,962	1,648,771
Recharge of expenses to parent company	-	16,698
Recharge of expenses by an affiliate	177,930	68,158
Rent payment to the affiliate	189,750	253,000

13 Direct costs

	2015 AED	2014 AED
Staff costs (Note 16)	28,121,638	27,213,980
Consumables and stores consumed (Note 6)	15,029,289	14,912,117
Operating lease expenses	6,401,413	6,418,047
Depreciation (Note 5)	2,903,200	2,617,130
Repair and maintenance costs	1,256,925	1,920,915
Freight	4,453	148,968
Reversal for slow moving and expired inventory	(119,734)	(298,893)
	53,597,184	52,932,264

14 Selling and marketing expenses

This includes the advertising expenses incurred on the different marketing schemes of the company.

15 Administrative and general expenses

	2015 AED	2014 AED
Staff costs (Note 16)	9,851,994	10,283,171
Legal and professional charges	6,487,080	4,730,457
Travelling expenses	1,378,057	1,271,721
Bank charges	1,211,982	1,027,984
License fee	981,255	620,266
Rent	480,000	434,832
Laundry charges	300,250	326,438
Training and seminar expenses	237,255	201,841
Depreciation (Note 5)	128,290	148,509
Postages and courier	56,297	77,008
Other costs	2,204,901	2,164,905
	23,317,361	21,287,132

16 Staff costs

Salaries and benefits	37,004,540	36,479,866
End of service benefits (Note 10)	969,092	1,017,285
	37,973,632	37,497,151
Staff costs are allocated as below:		
Direct costs (Note 13)	28,121,638	27,213,980
General and administrative expenses (Note 15)	9,851,994	10,283,171
	37,973,632	37,497,151

17 Financial instruments

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

	Loans and receivables	
	2015	2014
	AED	AED
Financial assets		
Trade and other receivables (excluding prepayments and advances)	1,973,930	1,937,448
Due from related parties	3,002,228	1,568,172
Cash and cash equivalents	14,222,093	7,688,310
	19,198,251	11,193,930

	Other financial liabilities at amorstised cost	
Financial liabilities	2015	2014
	AED	AED
Trade and other payables (excluding advances from customers)	11,166,067	9,907,932
Due to related parties	179,052	348,492
	11,345,119	10,256,424

18 Operating lease commitments

The company has entered into non-cancellable operating leases for rentals. The total of the future lease payments is as follows:

	2015	2014
	AED	AED
Not later than one year	6,202,677	5,421,500
Between one and five years	10,677,395	4,442,610
	16,880,072	9,864,110