

**Report of Factual Findings in Connection with agreed-upon procedures assignment related to translated financials**

To,  
**The Board of Directors**  
Barbeque-Nation Hospitality Limited  
Survey No. 62, Site No. 13, 6<sup>th</sup> cross, NS Palaya,  
BTM Layout, Bengaluru – 560 076.

We have performed the procedures agreed with you and enumerated below with respect to the Translated Financial Information (referred to as 'INR Financial Information) of Barbeque Nation Mena Holding Limited, Dubai, ('Company' or 'Barbeque Mena) as at and for the year ended 31 March 2019, annexed to this report. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India. The procedures were performed solely to assist you in evaluating the validity of the INR Financial Information of the Company and are summarized as follows:

1. We obtained the standalone audited financials and the INR Financial Information of the Company as at and for the year ended 31 March 2019 and compared the AED balances considered for preparation of INR Financial Information with the standalone audited financials of the Company.
2. We compared the AED to INR exchange rates considered for translation of AED balances to INR with the sources data.
3. We verified the translation of AED balances to INR are in accordance with the Indian Accounting Standard 21 'The Effects of Changes in Foreign Exchange Rates' (Ind AS 21).

The management of the Barbeque-Nation Hospitality Limited, India ('Barbeque-Nation', the ultimate holding company) are responsible for preparation of the INR Financial Information in accordance with para 11(I)(A)(ii), Part A, Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 ('SECI ICDR 2018') and in accordance with Ind AS 21. Our responsibility is to perform above mentioned agreed upon procedures and to report our factual findings based on those procedures.

We report our finding below:

- (a) With respect to item 1 above, we found that the AED balances considered for preparation of INR Financial Information as at and for the year ended 31 March 2019 are in agreement with the standalone audited financials of the Company.
- (b) With respect to item 2 above, we found AED to INR exchange rates considered for translation of AED balances to INR are in agreement with the source data.
- (c) With respect to item 3, we found translation of AED balances to INR are in accordance with Ind AS 21.

Because the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance on the INR Financial Information of the Company. Had we performed additional procedures or had we performed an audit or review of the INR Financial Information in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported to you.



**S G M & Associates LLP**

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. These INR Financial Information is intended solely for the use of the management of Barbeque-Nation for uploading on their website in connection with the proposed Initial Public Offer of equity shares of Barbeque-Nation. Our report should not be used or referred to or distributed for any other purpose without our consent in writing.

For **S G M & Associates LLP**  
Chartered Accountants  
(LLP Registration No. S200058)



A handwritten signature in blue ink, appearing to read "Hemanth M Kumar".

**Hemanth M Kumar**  
Partner  
Membership No. 216251

**Bengaluru**, 06 February 2020  
UDIN: 20216251AAAABQ9569

Encl: INR Financial Information and Standalone audited financials of Barbeque Nation Restaurant LLC, Dubai as at and for the year ended 31 March 2019.

**Barbeque Nation Mena Holding Limited**  
Special Purpose Standalone Balance Sheet as at 31 March 2019  
(Amount in Rupees, except for shares data or as otherwise stated)

Particulars as at	Note No.	31-Mar-19	31-Mar-18
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,036,283	1,765,402
Capital work-in-progress	4	-	488,327
Financial Assets			
Investments	5	33,818,213	19,295,664
Loans	6	651,985,874	437,843,287
<b>Total Non-current assets [A]</b>		<b>690,840,370</b>	<b>459,392,680</b>
Current assets			
Financial assets			
Cash and cash equivalents	7	20,860,833	63,449,531
Loans	8	103,956,715	26,688,420
Other current assets	9	823,517	1,750,147
<b>Total current assets [B]</b>		<b>125,641,065</b>	<b>91,888,098</b>
<b>Total assets [A+B]</b>		<b>816,481,435</b>	<b>551,280,778</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	10	265,441,888	17,718,700
Other equity	11	(72,649,004)	(21,374,441)
<b>Equity attributable to owners of the Company [C]</b>		<b>192,792,884</b>	<b>(3,655,741)</b>
Liabilities			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	12	129,397,164	182,851,597
<b>Total Non-current liabilities [D]</b>		<b>129,397,164</b>	<b>182,851,597</b>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables	13	10,989,757	5,316,744
Other financial liabilities	14	483,301,630	366,768,178
<b>Total current liabilities [E]</b>		<b>494,291,387</b>	<b>372,084,922</b>
<b>Total liabilities [F= [D+E]]</b>		<b>623,688,551</b>	<b>554,936,519</b>
<b>Total equity and liabilities [F+C]</b>		<b>816,481,435</b>	<b>551,280,778</b>

See accompanying notes forming part of the special purpose standalone financial statements



**Barbeque Nation Mena Holding Limited**

Special Purpose Standalone Statement of Profit and Loss for the year ended 31 March 2019

(Amount in Rupees, except for shares data or as otherwise stated)

Particulars for the year ended	Note No.	31-Mar-19	31-Mar-18
<b>REVENUE</b>			
Revenue from operations	15	57,131,391	19,776,721
Other income	16	10,658,269	-
<b>Total (A)</b>		<b>67,789,660</b>	<b>19,776,721</b>
<b>Expenses</b>			
Employee benefits expenses	17	54,765,059	14,859,475
Other operating expenses	18	9,627,983	7,120,118
<b>Total (B)</b>		<b>64,393,042</b>	<b>21,979,593</b>
<b>Earnings before exceptional items, finance costs, depreciation and amortisation (EBITDA) (C) = (A-B)</b>		<b>3,396,618</b>	<b>(2,202,872)</b>
Finance costs (D)	19	51,968,749	16,898,171
Depreciation expense (E)	3	1,290,312	54,254
<b>Loss before tax and exceptional items (F) = (C-D-E)</b>		<b>(49,862,443)</b>	<b>(19,155,297)</b>
Exceptional items (G)		-	-
<b>Loss before tax (H) = (F-G)</b>		<b>(49,862,443)</b>	<b>(19,155,297)</b>
<b>Tax expense / (benefit):</b>			
Current tax		-	-
Deferred tax		-	-
<b>Net tax expense / (benefit) (I)</b>		<b>-</b>	<b>-</b>
<b>Net Loss for the year / period (J) = (H-I)</b>		<b>(49,862,443)</b>	<b>(19,155,297)</b>
<b>Other Comprehensive Income / (Losses) (K)</b>			
Items that will not be reclassified to Statement of Loss and loss			
Remeasurements of the defined benefit plans		-	-
Income tax on the above		-	-
<b>Total comprehensive income for the year / period (J + K)</b>		<b>(49,862,443)</b>	<b>(19,155,297)</b>

See accompanying notes forming part of the special purpose standalone financial statements





**Barbeque Nation Mena Holding Limited**

Special Purpose Standalone Statement of changes in equity

(Amount in Rupees, except for shares data or as otherwise stated)

Particulars as at	Share capital	Foreign currency translation	Retained earnings	Total
<b>As at 31 March 2017</b>	<b>17,653,300</b>	-	(2,210,952)	<b>15,442,348</b>
Loss for the year	-	-	(19,155,297)	(19,155,297)
Foreign currency translation	-	57,208	-	57,208
<b>As at 31 March 2018</b>	<b>17,653,300</b>	<b>57,208</b>	<b>(21,366,249)</b>	<b>(3,655,741)</b>
Effect of increase in share capital	247,723,188	-	-	247,723,188
Loss for the year	-	-	(49,862,443)	(49,862,443)
Foreign currency translation	-	(1,412,120)	-	(1,412,120)
<b>As at 31 March 2019</b>	<b>265,376,488</b>	<b>57,208</b>	<b>(71,228,692)</b>	<b>192,792,884</b>

See accompanying notes forming part of the special purpose standalone financial statements



**Barbeque Nation Mena Holding Limited**

Special Purpose Standalone Statement of Cashflow for the year ended 31 March 2019

(Amount in Rupees, except for shares data or as otherwise stated)

Particulars for the year ended	31-Mar-19	31-Mar-18
<b>Cashflows from operating activities</b>		
Loss for the year	(49,862,443)	(19,155,297)
Adjustments for:		
Depreciation	1,290,312	54,254
Interest expenses	51,968,749	16,898,171
Interest income	(51,421,451)	(16,879,648)
<b>Operating loss before working capital changes</b>	<b>(48,024,833)</b>	<b>(19,082,520)</b>
Changes in other receivables and prepayments	1,050,191	(1,734,276)
Changes in accruals and other payables	(3,470,349)	14,070,400
<b>Net cash used in operating activities</b>	<b>(50,444,991)</b>	<b>(6,746,396)</b>
<b>Cashflows from investing activities</b>		
Purchase of plant and equipments (including capital work-in-progress)	(3,944,027)	(2,287,547)
Investment in subsidiary companies	(13,348,640)	(16,539,654)
Interest income	51,421,451	16,879,648
Loan to / (repayment) subsidiary companies	(538,538,513)	(369,115,600)
<b>Net cash used in investing activities</b>	<b>(504,409,729)</b>	<b>(371,063,153)</b>
<b>Cashflow from financing activities</b>		
Proceeds from issued of shares including advance from shareholders	382,567,439	136,992,389
Process from long-term borrowings from banks (net)	181,667,332	321,161,614
Interest paid	(51,968,749)	(16,898,171)
<b>Net cash flow from financing activities</b>	<b>512,266,022</b>	<b>441,255,832</b>
<b>Net changes in cash and cash equivalents</b>	<b>(42,588,698)</b>	<b>63,446,283</b>
Cash and cash equivalents at beginning of theyear	63,449,531	3,248
<b>Cash and cash equivalents at end of theyear</b>	<b>20,860,833</b>	<b>63,449,531</b>

See accompanying notes forming part of the special purpose standalone financial statements



**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements  
(Amount in Rupees, except for shares data or as otherwise stated)

**Note****No.****1 Corporate information**

Barbeque Nation Holdings Limited (Company) is an offshore company with limited liability, registered with the Jebel Ali Free Zone Authority, Dubai, United Arab Emirates (UAE), under the registration number 171179, issued on 25 March 2015.

The Company is registered to investment is limited liability companies, partnership, joint ventures and any other company, general trading, investments in equities, shares and securities worldwide, investments in international properties worldwide, own real property of the Palm Islands or Jumeirah Islands or any property owned by Nakheel or Emaar Properties or any other real property approved by the authority and any other activity approved by Jebel Ali Free Zone Authority.

**2 Basis of preparation****(a) Statement of compliance**

The audited financial statements of the Company as at and for the year ended 31 March 2019 were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and the applicable requirements of the U.A.E. Federal Commercial Companies Law No. 8 of 1984.

The management of Barbeque-Nation Hospitality Limited ('BBQ-Nation', the ultimate holding company of the Company), have prepared these special purpose standalone financial statements in accordance with para 11(I)(A)(ii), Part A, Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 ('SECI ICDR 2018') and in accordance with Indian Accounting Standard 21 'The Effects of Changes in Foreign Exchange Rates' (Ind AS 21).

The Company's functional currency is United Arab Emirates Dirham (AED) and these special purpose standalone financial statements are presented in Indian Rupees (INR) ('INR Financials'). The results and financial position of the Company have been translated to INR using the following procedures:

- (i) assets and liabilities for each balance sheet presented (including comparatives) are translated at the closing rate at date of that balance sheet;
- (ii) income and expenses for each statement of profit and loss presented (including comparatives) are translated at average exchange rates for those periods; and
- (iii) all resulting exchange difference are recognised in 'Other comprehensive income'.

**AED / INR conversion rates considered for translation**

Exchange rates for*	31-Mar-19	31-Mar-18
- assets and liabilities	18.89	17.72
- income and expenses	19.03	17.56

\* exchange rates taken from the data available in the public domain

Refer the audited financial statement of the Company as on and for the year ended 31 March 2019 for accounting policy and other details.



**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements  
(Amount in Rupees, except for shares data or as otherwise stated)

Note

No.

**3 Property, plant and equipment**

Particulars	Leasehold improvements	Furniture, fixtures, & office equipments	Vehicle	Total
<b>Cost:</b>				
As at 01 April 2018	-	119,176		119,176
Additions	2,473,451	1,995,129	1,813,354	6,281,934
Deletions	-	-	-	-
Transalation adjustment	(18,692)	(7,204)	-	(25,896)
<b>Balance as at 31 March 2019</b>	<b>2,454,759</b>	<b>2,107,101</b>	<b>1,813,354</b>	<b>6,375,214</b>
<b>Depreciation</b>				
As at 01 April 2018	-	6,981	47,770	54,751
Charge for the year	247,297	586,220	456,795	1,290,312
Reversal	-	-	-	-
Transalation adjustment	(1,868)	(3,968)	(296)	(6,132)
<b>Balance as at 31 March 2019</b>	<b>245,429</b>	<b>589,233</b>	<b>504,269</b>	<b>1,338,931</b>
Net book value				
<b>As at 31 March 2019</b>	<b>2,209,330</b>	<b>1,517,868</b>	<b>1,309,085</b>	<b>5,036,283</b>
<i>As at 31 March 2018</i>	-	<i>112,195</i>	<i>1,653,207</i>	<i>1,765,402</i>





**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements

(Amount in Rupees, except for shares data or as otherwise stated)

**Note****No.**

<b>4 Capital work-in-progress</b>		
<b>Particulars</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Capital work-in-progress	-	488,327
<b>Total</b>	<b>-</b>	<b>488,327</b>
<b>5 Investments</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
(i) Barbeque Nation Restaurant LLC, Dubai	2,776,727	2,604,649
(ii) Barbeque Nation (Malaysia) SDN BHD, Malaysia	17,793,721	16,691,015
(iii) Barbeque Nation International LLC, Oman	13,247,765	-
<b>Total</b>	<b>33,818,213</b>	<b>19,295,664</b>
(i) Investment in Barbeque Nation Restaurant LLC, incorporated in Dubai, U.A.E - 49% interest in share capital (147 Shares of AED 1,000 each).		
(ii) Investment in Barbeque Nation (Malaysia) SDN BHD, incorporated in Malaysia, 100% interest in share capital (500,000 shares of MYR 1 each).		
(iii) Investment in Barbeque Nation International LLC, incorporated in Oman - 49% interest in share capital (73,500 shares of OMR 1 each)		
<b>6 Loans</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Non-current</b>		
(i) Barbeque Nation Restaurant LLC, Dubai	546,217,449	431,319,439
(i) Barbeque Nation (Malaysia) SDN BHD, Malaysia	58,602,145	6,523,848
(ii) Barbeque Nation International LLC, Oman	47,166,280	-
<b>Total</b>	<b>651,985,874</b>	<b>437,843,287</b>
Current maturities of long-term loan	103,956,715	26,688,420
<b>Total</b>	<b>755,942,589</b>	<b>464,531,707</b>
(i) Secured and interest bearing loan with fixed repayment schedule taken from Axis Bank, India and Yes Bank, India.		
(ii) Unsecured and interest free loan with no repayment terms.		
<b>7 Cash and cash equivalents</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
In current account	20,860,833	63,449,531
<b>Total</b>	<b>20,860,833</b>	<b>63,449,531</b>
<b>8 Loan</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Current</b>		
Barbeque Nation Restaurant LLC, Dubai	103,956,715	26,688,420
<b>Total</b>	<b>103,956,715</b>	<b>26,688,420</b>



**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements  
(Amount in Rupees, except for shares data or as otherwise stated)

**Note**

No.

<b>9 Other current assets</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Prepaid expenses	823,517	1,750,147
<b>Total</b>	<b>823,517</b>	<b>1,750,147</b>
<b>10 Equity share capital</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Authorised capital		
300,000 (10,000) shares of AED 100 each	566,679,000	17,718,700
Issued, subscribed and paid-up capital		
140,525 (10,000) shares of AED 100 each	265,441,888	17,718,700
<b>Total</b>	<b>265,441,888</b>	<b>17,718,700</b>
<b>11 Other equity</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Retained earnings</b>		
Opening balance	(21,374,441)	(2,210,952)
Total comprehensive loss for the year	(49,862,443)	(19,155,297)
Foreign currency translation	(1,412,120)	(8,192)
<b>Closing balance</b>	<b>(72,649,004)</b>	<b>(21,374,441)</b>
<b>12 Borrowings</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Non-current		
Long-term loan from banks	104,430,213	27,132,574
(i) Long-term loan from related parties	24,966,951	155,719,023
<b>Total</b>	<b>129,397,164</b>	<b>182,851,597</b>
Current maturities of long-term debt	482,291,732	357,988,438
<b>Total</b>	<b>611,688,896</b>	<b>540,840,035</b>
(i) Unsecured and interest bearing loan at 0.25% over the lending rate received from Barbeque-Nation Hospitality Limited, without fixed repayment terms.		
<b>13 Trade payables</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Trade payables	10,989,757	5,316,744
<b>Total</b>	<b>10,989,757</b>	<b>5,316,744</b>
<b>14 Other financial liabilities</b>		
<b>Particulars as at</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Current maturities of long-term borrowings	482,291,732	357,988,438
Interest accrued but not due on borrowings	1,009,898	8,779,740
<b>Total</b>	<b>483,301,630</b>	<b>366,768,178</b>



**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements

(Amount in Rupees, except for shares data or as otherwise stated)

**Note****No.**

<b>15 Revenue from operations</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Management fees	5,709,940	2,897,073
Interest income on long-term loans	51,421,451	16,879,648
<b>Total</b>	<b>57,131,391</b>	<b>19,776,721</b>
<b>16 Other income</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Income from bank	15,322	-
Foreign exchange gain	10,642,947	-
<b>Total</b>	<b>10,658,269</b>	<b>-</b>
<b>17 Employee benefits expenses</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Salaries and wages	54,765,059	14,859,475
<b>Total</b>	<b>54,765,059</b>	<b>14,859,475</b>
<b>18 Other expenses</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Lease rent	1,141,988	438,950
Other expenses	8,485,995	6,681,168
<b>Total</b>	<b>9,627,983</b>	<b>7,120,118</b>
<b>19 Finance costs</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Interest on term-loan	36,695,422	8,818,252
Interest on loan from related parties	15,273,327	8,079,919
<b>Total</b>	<b>51,968,749</b>	<b>16,898,171</b>
<b>20 Contingent liability and capital commitment</b>		
<b>Particulars for the year ended</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Contingent liability	-	-
Capital commitment	-	819,968



**Barbeque Nation Mena Holding Limited**

Notes forming part of special purpose standalone financial statements  
(Amount in Rupees, except for shares data or as otherwise stated)

Note

No.

**21 Related party transactions****A List of related parties**

Holding company	Barbeque-Nation Hospitality Limited
Subsidiary companies	Barbeque Nation Restaurant LLC, Dubai Barbeque Nation (Malaysia) SDN BHD, Malaysia Barbeque Nation International LLC, Oman

**B Transactions with related parties**

Particulars	Holding company	Subsidiary companies	Total	31-Mar-18
<b>Revenue</b>				
Management fees	-	5,709,940	<b>5,709,940</b>	2,897,073
Interest income on long-term loans	-	51,421,451	<b>51,421,451</b>	16,879,648
<b>Expenses</b>				
Interest on loan from related parties	15,273,327	-	<b>15,273,327</b>	8,079,919

**C Balances with related parties**

Investment in subsidiaries	-	33,818,213	<b>33,818,213</b>	19,295,664
Long-term loan to subsidiaries	-	755,942,589	<b>755,942,589</b>	464,531,707
Loan from shareholder	24,966,951	-	<b>24,966,951</b>	155,719,023
Interest payable to shareholder	-	-	-	460,184





**BARBEQUE NATION  
MENA HOLDING LIMITED**  
*(formerly Barbeque Nation Holdings Limited)*

**Financial Statements**

*31 March 2019*

*Registered office:*

P.O. Box 71241  
Dubai, U.A.E.

# BARBEQUE NATION MENA HOLDING LIMITED

## Financial Statements 31 March 2019

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## BARBEQUE NATION MENA HOLDING LIMITED

### Director's Report

The director submits his report and financial statements for the financial year ended 31 March 2019.

#### Results

The loss for the year amounted to AED 2,639,719/-.

#### Review of the business

The company is registered to invest in limited liability companies, partnerships, joint ventures and any other company, general trading, investments in equities, shares and securities worldwide, investment in international properties worldwide, own real property of the Palm Islands or Jumeirah Islands or any property owned by Nakheel or Emaar Properties or any other real property approved by the authority and any other activity approved by Jebel Ali Free Zone Authority. During the year, the company was mainly engaged in investment activity and has charged management fees, interest, royalty and commission to its subsidiary company.

The company also has a branch namely Barbeque Nation Holdings Limited (DMCC Branch), licensed to act as representative and regional liaison office to coordinate and supervise restaurant business in Middle East.

#### Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

#### Shareholder and its interest

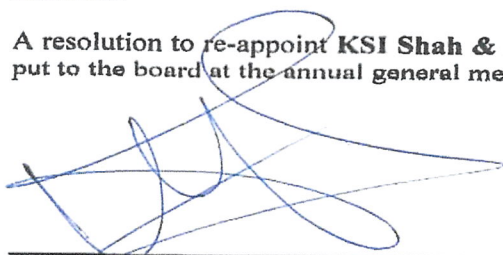
The shareholder at 31 March 2019 and its interest as at that date in the share capital of the company was as follows:

<u>Name of the shareholder</u>	<u>Country of incorporation</u>	<u>No. of shares</u>	<u>AED</u>
Barbeque-Nation Hospitality Limited <sup>a</sup>	India	140,525	14,052,500

<sup>a</sup> During the year, the authorized share capital of the company increased from 10,000 shares of AED 100 each to 300,000 shares of AED 100 each and the paid up capital of the company increased from 10,000 shares of AED 100 each to 140,525 shares of AED 100 each as per amended memorandum and articles of association dated 19 November 2018 and board resolution dated 29 September 2018.

#### Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.



**Mr. Mansoor Mohmed Ismail Menon**  
Director



## **Independent Auditors' Report to the Shareholder/Directors' of BARBEQUE NATION MENA HOLDING LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **BARBEQUE NATION MENA HOLDING LIMITED** (the "Company"), which comprises of the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### **Emphasis of matter**

Without qualifying our audit opinion, we draw attention to

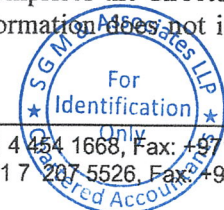
- 1) Note 2 (a) which states that these financial statements represent the assets, liabilities and results of operations of the company on a stand-alone basis.

The financial statements of its subsidiary companies are not consolidated in these financial statements, as separate consolidated financial statements will be prepared by the company.

- 2) Notes 9 (b) and 10 (b) which states that no impairment is required in value of investment in a subsidiary and long term loan to a subsidiary based in Malaysia amounted to AED 4,044,399/-. However, as per the audited financial statements of a subsidiary in Malaysia for the year ended 31 March 2019, there is loss for the year RM 1,990,315/- (equivalent to AED 1,792,108/-) and deficit in the total equity of RM 990,315/- (equivalent to AED 891,694/-).

#### **Other Information**

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.





**Independent Auditors' Report to the Shareholder/Directors' of  
BARBEQUE NATION MENA HOLDING LIMITED****Report on the Audit of the Financial Statements (contd.)**

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

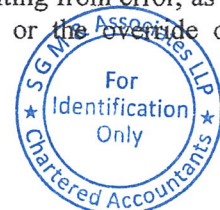
Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**Independent Auditors' Report to the Shareholder/Directors' of  
BARBEQUE NATION MENA HOLDING LIMITED**

**Report on the Audit of the Financial Statements (contd.)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*KSI Shah & Associates*  
For KSI Shah & Associates  
Dubai, U.A.E.  
Signed by:  
Sonal P. Shah (Registration No. 123)



28 May 2019





## BARBEQUE NATION MENA HOLDING LIMITED

### Statement of Financial Position

At 31 March 2019

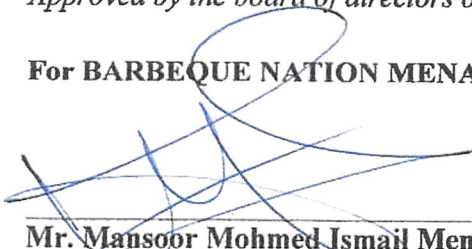
	<i>Notes</i>	<b>2019</b> <b>AED</b>	<b>2018</b> <b>AED</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	7	266,621	99,635
Capital work in progress	8	-	27,560
Investments in subsidiary companies	9, 19	1,790,337	1,089,000
Long term loans to subsidiary companies	10, 19	<u>34,516,148</u>	<u>24,710,802</u>
		<b><u>36,573,106</u></b>	<b><u>25,926,997</u></b>
<b>Current assets</b>			
Other receivables and prepayment		43,597	98,774
Short term loan to a subsidiary	10, 19	5,503,471	1,506,229
Bank balances	11	<u>1,104,373</u>	<u>3,580,936</u>
		<b><u>6,651,441</u></b>	<b><u>5,185,939</u></b>
<b>TOTAL ASSETS</b>		<b><u>43,224,547</u></b>	<b><u>31,112,936</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	14,052,500	1,000,000
Accumulated losses		<u>(3,846,040)</u>	<u>(1,206,321)</u>
<b>Total equity</b>		<b><u>10,206,460</u></b>	<b><u>(206,321)</u></b>
<b>Non-current liabilities</b>	13	<b><u>26,854,287</u></b>	<b><u>28,992,390</u></b>
<b>Current liabilities</b>			
Accruals and other payables	15	635,262	795,571
Bank borrowings	14	<u>5,528,538</u>	<u>1,531,296</u>
		<b><u>6,163,800</u></b>	<b><u>2,326,867</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>43,224,547</u></b>	<b><u>31,112,936</u></b>

The accompanying notes 1 to 25 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 to 4.

Approved by the board of directors on 28<sup>th</sup> May 2019 and signed on their behalf by;

For BARBEQUE NATION MENA HOLDING LIMITED

  
Mr. Mansoor Mohmed Ismail Menon  
Director



## BARBEQUE NATION MENA HOLDING LIMITED

### Statement of Comprehensive Income for the year ended 31 March 2019

	<i>Notes</i>	<b>2019</b> <b>AED</b>	<b>2018</b> <b>AED</b>
Revenue	16, 18	3,001,681	1,126,364
Expenses	17	(3,470,949)	(1,245,023)
Other income ( <i>net</i> )	18	559,985	-
Finance charges	19, 20	<u>(2,730,436)</u>	<u>(962,419)</u>
<b>(Loss) for the year</b>		<b>(2,639,719)</b>	<b>(1,081,078)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b><u>(2,639,719)</u></b>	<b><u>(1,081,078)</u></b>

*The accompanying notes 1 to 25 form an integral part of these financial statements.*





## BARBEQUE NATION MENA HOLDING LIMITED

### Statement of Changes in Equity for the year ended 31 March 2019

	<i>Share capital AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
As at 31 March 2017	1,000,000	(125,243)	874,757
Loss for the year	-	(1,081,078)	(1,081,078)
As at 31 March 2018	1,000,000	(1,206,321)	(206,321)
Effect of increase in share capital	13,052,500	-	13,052,500
Loss for the year	-	(2,639,719)	(2,639,719)
As at 31 March 2019	<u>14,052,500</u>	<u>(3,846,040)</u>	<u>10,206,460</u>

*The accompanying notes 1 to 25 form an integral part of these financial statements.*



## BARBEQUE NATION MENA HOLDING LIMITED

### Statement of Cash Flows for the year ended 31 March 2019

	<i>Note</i>	<i>2019</i> <i>AED</i>	<i>2018</i> <i>AED</i>
<b><u>Cash flows from operating activities</u></b>			
(Loss) for the year		(2,639,719)	(1,081,078)
Adjustments for:			
Depreciation		67,793	3,090
Provision for staff end of service gratuity ( <i>net</i> )		(22,023)	24,970
Finance costs to banks		1,927,976	502,235
Finance costs to the shareholder		802,460	460,184
Interest income from long term loan		(2,701,681)	(961,364)
<b>Operating (loss) before working capital changes</b>		<b>(2,565,194)</b>	<b>(1,051,963)</b>
Changes in other receivables and prepayment		55,177	(98,774)
Changes in accruals and other payables		(160,309)	776,396
<b>Net cash (used in) operating activities</b>		<b><u>(2,670,326)</u></b>	<b><u>(374,341)</u></b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of plant and equipment		(207,219)	(102,725)
Payments for capital work in progress		-	(27,560)
Payment made for investment in a subsidiary		(701,337)	(942,000)
Interest income from long term loan given		2,701,681	961,364
(Payments for) loan given to subsidiary companies		(28,294,792)	(21,022,622)
<b>Net cash (used in) investing activities</b>		<b><u>(26,501,667)</u></b>	<b><u>(21,133,543)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from the shareholder's loan		20,100,078	7,802,269
Proceeds from bank borrowings (net)		9,350,854	18,175,675
(Payment of)/proceeds from vehicle loan		(25,066)	73,111
Finance costs paid to banks		(1,927,976)	(502,235)
Finance costs paid to the shareholder		(802,460)	(460,184)
<b>Net cash from financing activities</b>		<b><u>26,695,430</u></b>	<b><u>25,088,636</u></b>
<b>Net changes in cash and cash equivalents</b>		<b>(2,476,563)</b>	<b>3,580,752</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>3,580,936</u></b>	<b><u>184</u></b>
<b>Cash and cash equivalents at end of the year</b>	11	<b><u><u>1,104,373</u></u></b>	<b><u><u>3,580,936</u></u></b>

The accompanying notes 1 to 25 form an integral part of these financial statements.



## BARBEQUE NATION MENA HOLDING LIMITED

(Incorporated in Jebel Ali Free Zone Authority)

(Registration No 171179)

### Notes to the Financial Statements

for the year ended 31 March 2019

#### 1. Legal status

- a) **BARBEQUE NATION HOLDINGS LIMITED** ("The Company") is an Offshore company with limited liability, registered on 25 March 2015 with the Jebel Ali Free Zone Authority, Dubai, United Arab Emirates, under the registration number 171179. The company also has a branch namely Barbeque Nation Holdings Limited (DMCC Branch), licensed to act as representative and regional liaison office to coordinate and supervise restaurant business in Middle East.
- b) The company is registered to invest in limited liability companies, partnerships, joint ventures and any other company, general trading, investments in equities, shares and securities worldwide, investment in international properties worldwide, own real property of the Palm Islands or Jumeirah Islands or any property owned by Nakheel or Emaar Properties or any other real property approved by the authority and any other activity approved by Jebel Ali Free Zone Authority. During the year, the company was mainly engaged in investment activity and has charged management fees and interest to its subsidiary company.
- c) During the year, the authorized share capital of the company increased from 10,000 shares of AED 100 each to 300,000 shares of AED 100 each and the paid up capital of the company increased from 10,000 shares of AED 100 each to 140,525 shares of AED 100 each as per amended memorandum and articles of association dated 19 November 2018 and board resolution dated 29 September 2018.

#### 2. Basis of preparation

- a) These financial statements do not include the financial statements of its subsidiary companies, Barbeque Nation Restaurant LLC, Barbeque Nation (Malaysia) SDN BHD and Barbeque Nation International LLC. The company prepares separate consolidated financial statements in respect of its investments in subsidiaries.

#### b) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2018 and the implementing rules and regulations of the Jebel Ali Free Zone Authority.

#### c) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are being measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### Basis of measurement (contd.)

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### d) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

### 3. Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Judgments made in applying accounting policies

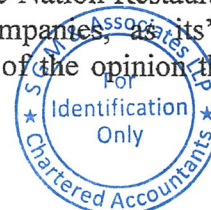
The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

##### *Impairment*

At each reporting date, management conducts an assessment of fixed assets, investments and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

##### *Classification of investment as a subsidiary*

The company has classified its 49% investment in Barbeque Nation Restaurant LLC and Barbeque Nation International LLC, limited liability companies, as its' subsidiary, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### *Classification of investment as a subsidiary (contd.)*

Mr. Sulaiman Mohamed Khalifa Alsuwaidi acts as a local sponsor of Barbeque Nation Restaurant LLC and receives a sponsorship fees. As per verbal arrangement, he does not take part in the operational and financial management of the investee company, which is considered as a subsidiary.

M/s. Green Land Development Trading LLC acts as a local sponsor of Barbeque Nation International LLC and receives a sponsorship fees. As per verbal arrangement, he does not take part in the operational and financial management of the investee company, which is considered as a subsidiary.

#### **Key sources of estimation uncertainty and assumptions**

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

#### *Residual values of fixed assets*

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### *Estimated useful life of fixed assets*

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

#### *Provision for expected credit losses of trade receivables and contract assets*

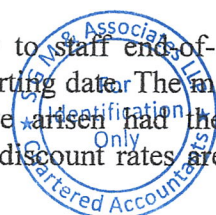
The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### *Impairment of non-financial assets*

Assessments of net recoverable amounts of fixed assets, investments and long term loans are based on assumptions regarding future cash flows expected to be received from the related assets.

#### *Staff end-of-service gratuity*

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### 4. Adoption of new International Financial Reporting Standards

##### a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- IFRS 9 - Financial Instruments
- IFRS 15 – Revenue from contracts with customers
- Clarifications to IFRS 15- Revenue from contracts with customers
- IFRIC Interpretation 22-Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40- Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IFRS 1 and IAS 28 as per annual improvements to IFRS standards 2014-16 cycle

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting period commencing on or after 1 January 2018.

The significant impacts of IFRS 9, IFRS 15 and other amendments as listed above on the amounts reported and their presentation are disclosed wherever applicable.

##### b) International Financial Reporting Standards issued but not effective

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2021.

IFRIC23-uncertainty of Income Tax Position- The effective date of the interpretation is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRS9-Prepayment features with negative compensation. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IAS 28- Long term interests in Associates and Joint Ventures. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRSs- Annual improvements to IFRS Standards 2015-17 Cycle.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### *International Financial Reporting Standards issued but not effective (contd.)*

Amendments to IAS19-Plan amendments, curtailments or settlements. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

Amendments to IFRS10 and IAS 28-Sale or contribution of assets between an investor and its associate or joint venture. These amendments will apply when they become effective.

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 5. Significant Changes in the current reporting period

### a) IFRS 9 Financial Instruments

The Company has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

As permitted by transitional provisions of IFRS 9, the Company elected not to restate the comparative figures. Any adjustments to carrying amounts of financial assets and liabilities at the date of transitions were recognized in opening retained earnings and other reserves of the current year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 - Financial Instruments: Disclosures.

There is no material impact on adoption of IFRS 9 in the financial statements at the adoption date and the reporting date, however the presentation and disclosure requirements of IFRS 9 have been dealt with as relevant to the Company.

### b) IFRS 15 Revenue from contracts with customers

This standard on revenue recognition replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" and related interpretations.

IFRS 15 is more perspective, provides detailed guidance on revenue recognition and reduced the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations.

Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### IFRS 15 Revenue from contracts with customers (contd.)

The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company has assessed that the impact of IFRS 15 is not material on the financial statements of the company as at the adoption date and the reporting date.

## 6. Significant accounting policies

### a) Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual installments over their estimated useful lives as follows:

Office interior	9 years
Furniture and fixtures	5 years
Computers	3 years
Vehicle	4 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

### b) Capital work in progress

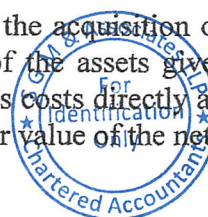
Capital work in progress is stated at cost less accumulated impairment, if any and is transferred to respective items of fixed assets as and when available for intended use. No depreciation is charged on capital work-in-progress.

### c) Investments in subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

- The Investor has power over the investee
- It is exposed to rights of variable returns and
- It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### Investments in subsidiaries (contd.)

Investment in subsidiaries are stated at cost less provision for impairment if any.

Income from investment in subsidiary is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

#### d) Financial instruments

##### Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include other current financial assets, short term loan to a subsidiary and cash and cash equivalents. Due to the short term nature of current receivables, their carrying amounts are considered to be the same as their fair value.

##### *Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)*

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### *Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

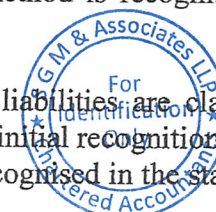
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

#### **Classification and subsequent measurement of financial liabilities**

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### *Classification and subsequent measurement of financial liabilities (contd.)*

The company's financial liabilities include accruals and other payables and bank borrowings. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

#### **Derecognition of financial assets and financial liabilities**

Financial assets are de-recognised when, and only when,

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

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

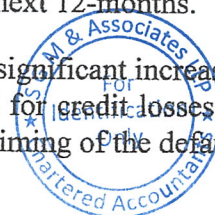
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### *Impairment of financial assets (contd.)*

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### e) **Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of comprehensive income.

#### f) **Installment plans**

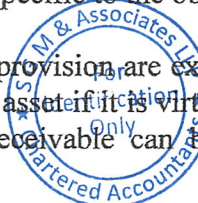
Future installments payable under installment plan net of finance charges, are shown under bank borrowings with the corresponding asset value recorded as fixed assets and depreciated over their estimated useful lives. Payments are apportioned between the finance element charged to combined statement of comprehensive income and the capital element, which reduces the capital amount outstanding.

#### g) **Provision**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting year, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### h) Revenue recognition

##### Services

The company is in the business of investing and providing hospitality management services.

Revenue from providing above services is recognized as the services are rendered. Revenue in respect of above services is recognised over time, if one of the following criteria is met –

- a) the customer simultaneously receives and consumes the benefits provided by the company's performance as and when the company performs; or
- b) the company's performance creates or enhances an asset that the customer controls as the asset is created or enhances; or
- c) the company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Management fees for providing managerial services to a related party are charged as per the agreement with the related party and are accounted on accrual basis.

##### Interest income

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

#### i) Borrowing costs

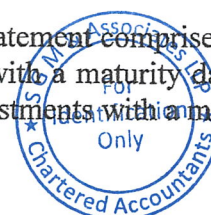
Finance expense comprises interest expense on bank borrowings and shareholder's loan is recognised in Statement of comprehensive income.

#### j) Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the statement of comprehensive income.

#### k) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash on hand, bank current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

7. Fixed assets	Office interior	Furniture, fixtures and office equipment	Vehicle <sup>a</sup>	Total
	AED	AED	AED	AED
<b>Cost</b>				
As at 01.04.2018	-	6,726	95,999	102,725
Transfers (refer note 8)	27,560	-	-	27,560
Additions during the year	102,395	104,824	-	207,219
As at 31.03.2019	<u>129,955</u>	<u>111,550</u>	<u>95,999</u>	<u>337,504</u>
<b>Depreciation</b>				
As at 01.04.2018	-	394	2,696	3,090
Charge for the year	12,993	30,800	24,000	67,793
As at 31.03.2019	<u>12,993</u>	<u>31,194</u>	<u>26,696</u>	<u>70,883</u>
<b>Net book value</b>				
As at 31.03.2019	<u>116,962</u>	<u>80,356</u>	<u>69,303</u>	<u>266,621</u>
As at 31.03.2018	<u>-</u>	<u>6,332</u>	<u>93,303</u>	<u>99,635</u>

<sup>a</sup> Registered in the name of a related party (Barbeque Nation Restaurant LLC) and is under installment plan liability (refer note 14).

8. Capital work in progress <sup>a</sup>	2019	2018
	AED	AED
Opening balance	27,560	-
Payments made during the year/period	-	27,560
Transfer to fixed assets (refer note 7)	(27,560)	-
Closing balance	<u>-</u>	<u>27,560</u>

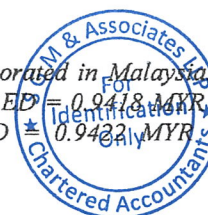
<sup>a</sup> Represented the amount paid for interior fitout at rented premise Unit no 1404, Muzayu Business Avenue A1, Jumeirah Lakes Towers, Dubai, U.A.E., transferred to fixed assets on completion.

For capital commitments, refer note 14.

9. Investment in subsidiary companies	2019	2018
	AED	AED
Barbeque Nation Restaurant LLC, Dubai, U.A.E. <sup>a</sup>	147,000	147,000
Barbeque Nation (Malaysia) SDN BHD <sup>b,c</sup>	942,000	942,000
Barbeque Nation International LLC <sup>d</sup>	701,337	-
	<u>1,790,337</u>	<u>1,089,000</u>

<sup>a</sup> Represents investment in Barbeque Nation Restaurant LLC, incorporated in Dubai, U.A.E. - 49 % interest in share capital (147 shares of AED 1,000 each).

<sup>b</sup> Represents investment in Barbeque Nation (Malaysia) SDN. BHD. incorporated in Malaysia - 100 % interest in share capital (500,000 shares of MYR 1 each - converted @ 1 AED = 0.9418 MYR issued on 24.01.18 ) and (500,000 shares of MYR 1 each - converted @ 1 AED = 0.9422 MYR issued on 13.03.2018)



# BARBEQUE NATION MENA HOLDING LIMITED

## Notes to the Financial Statements for the year ended 31 March 2019

### Investment in subsidiary companies (notes contd.)

<sup>c</sup> As per the draft financial statements of the subsidiary for the year ended 31 March 2019, the subsidiary was having net loss of RM 1,884,314/- and deficit in equity of RM 990,315/-. The auditors of the said subsidiary have issued material uncertainty related to going concern on the financial statements of the subsidiary. However, in the opinion of the management, no impairment is required in the value of this investments.

<sup>d</sup> Represents investment in Barbeque Nation International LLC, incorporated in Oman - 49 % interest in share capital (73,500 shares of OMR 1 each - converted @ 1 AED = 9.542 OMR)

In the opinion of the management, there is no impairment in the above investments and hence the fair value approximates their book value as at the reporting date.

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
<b>10. Long term loan to subsidiary Companies</b>		
Barbeque Nation Restaurant LLC, Dubai, U.A.E. <sup>a</sup>		
<b>Total loan outstanding</b>	48,912,440	25,848,841
Waived during the year (refer note 18)	(14,492,204)	-
Payable within next 12 months (current portion)	<u>(5,503,471)</u>	<u>(1,506,229)</u>
Payable after next 12 months (non-current portion)	<b>28,916,765</b>	<b>24,342,612</b>
Barbeque Nation (Malaysia) SDN BHD <sup>b</sup>	3,102,399	368,190
Barbeque Nation International LLC <sup>c</sup>	<u>2,496,984</u>	<u>-</u>
	<b><u>34,516,148</u></b>	<b><u>24,710,802</u></b>

<sup>a</sup> Represents secured and interest bearing loan with fixed repayment schedule taken from Axis Bank, India and Yes Bank India and given to a subsidiary company, Barbeque Nation Restaurant LLC, Dubai, U.A.E. (refer note 16).

<sup>b</sup> Represents secured and interest bearing loan with fixed repayment schedule taken from Axis Bank, India and Yes Bank India and given to a subsidiary company, Barbeque Nation (Malaysia) SDN BHD, Malaysia (refer note 16).

<sup>c</sup> Represents unsecured and interest free loan with no repayment terms given to a subsidiary company, Barbeque Nation International LLC, Oman.

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
<b>11. Bank balances</b>		
In current accounts	<u>1,104,373</u>	<u>3,580,936</u>
<b>12. Share capital</b>		
<b>Authorised capital</b>		
300,000 shares of AED 100 each (pr. year 10,000 shares)	<u>30,000,000</u>	<u>1,000,000</u>
<b>Issued, subscribed and paid up capital</b>		
140,525 shares of AED 100 each (pr. year 10,000 shares) <sup>a</sup>	<u>14,052,500</u>	<u>1,000,000</u>

<sup>a</sup> During the year, the authorized share capital of the company increased from 10,000 shares of AED 100 each to 300,000 shares of AED 100 each and the paid up capital of the company increased from 10,000 shares of AED 100 each to 140,525 shares of AED 100 each as per amended memorandum and articles of association dated 19 November 2018 and board resolution dated 29 September 2018.





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

	2019 <u>AED</u>	2018 <u>AED</u>
<b>13. Non-current liabilities</b>		
Barbeque-Nation Hospitality Limited, India <sup>a</sup>		
<b>Total loan outstanding</b>	28,863,508	8,763,430
Effect of increase in share capital (refer note 1 (d)) <sup>b</sup>	(13,052,500)	-
Waived during the year (refer note 18 and 19)	<u>(14,492,204)</u>	<u>-</u>
	<b>1,318,804</b>	<b>8,763,430</b>
Long term portion of term loan (refer note 14)	25,509,558	20,155,946
Long term portion of vehicle loan (refer note 14)	22,978	48,044
Staff end of service benefits	2,947	24,970
	<u><b>26,854,287</b></u>	<u><b>28,992,390</b></u>

<sup>a</sup> Represents unsecured and interest bearing loan at 0.25% over the lending rate received from the shareholder, Barbeque-Nation Hospitality Limited, without fixed repayment terms (refer notes 18, 19).

<sup>b</sup> During the year, the shareholder has increased the share capital of the company from AED 1,000,000/- to AED 14,052,500/- by issuing additional shares 130,525 of AED 100 each as per resolution dated 29 September 2018. As per the resolution, the subscription amount of AED 13,052,500/- is settled against the amount payable to the shareholder. The procedure for increase in share capital has been approved by the Jebel Ali Free Zone Authority on 19th November 2018.

	2019 <u>AED</u>	2018 <u>AED</u>
<b>14. Bank borrowings</b>		
<b>Term loans</b>		
Total amounts outstanding	31,013,029	21,662,175
Payable after next twelve months (refer note 13)	<u>(25,509,558)</u>	<u>(20,155,946)</u>
	<b>5,503,471</b>	<b>1,506,229</b>
<b>Vehicle loan</b>		
Total amount outstanding	48,045	73,111
Payable after next twelve months (refer note 13)	<u>(22,978)</u>	<u>(48,044)</u>
Payable within next twelve months	<u>25,067</u>	<u>25,067</u>
	<u><b>5,528,538</b></u>	<u><b>1,531,296</b></u>

Bank borrowings and other banking facilities are secured against:

- 1) Irrevocable and unconditional corporate guarantee of the shareholder.
- 2) First pari passu charge on all current assets, movable fixed assets (present and future) of Barbeque Nation Hospitality Ltd, India. (Shareholder)
- 3) First pari passu charge on Barbeque Nation India Brand and other intangible assets.

In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

	2019 <u>AED</u>	2018 <u>AED</u>
<b>15. Accruals and other payables</b>		
Interest payable on term loan	53,464	35,323
Interest payable to the shareholder (refer note 18)	-	460,184
Accruals	<u>581,798</u>	<u>300,064</u>
	<u><b>635,262</b></u>	<u><b>795,571</b></u>



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

	<i>2019</i>	<i>2018</i>
	<u>AED</u>	<u>AED</u>
<b>16. Revenue</b>		
Interest income from long term loan given (refer note 19)	2,701,681	961,364
Management fees (refer note 19)	<u>300,000</u>	<u>165,000</u>
	<b><u>3,001,681</u></b>	<b><u>1,126,364</u></b>
<b>17. Expenses</b>		
Staff salaries and benefits	2,877,354	846,307
Rent	60,000	25,000
Other administrative expenses	465,802	370,626
Depreciation (refer note 7)	<u>67,793</u>	<u>3,090</u>
	<b><u>3,470,949</u></b>	<b><u>1,245,023</u></b>
<b>18. Other income</b>		
Payable written back (refer note 13, 19) <sup>a</sup>	14,492,204	-
Loan to a subsidiary waived (refer note 10, 19) <sup>a</sup>	<u>(14,492,204)</u>	<u>-</u>
Interest from bank	805	-
Foreign exchange gain	<u>559,180</u>	<u>-</u>
	<b><u>559,985</u></b>	<b><u>-</u></b>

<sup>a</sup> Represents waiver of loan from Barbeque-Nation Hospitality Limited, India, the shareholder, which in turn has been waived to Barbeque Nation Restaurant LLC, U.A.E., the subsidiary.

### 19. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The relationship of related parties is as under –

- a) Sole shareholder
  - Barbeque-Nation Hospitality Limited, India
- b) Subsidiary companies
  - Barbeque Nation Restaurant LLC, U.A.E.
  - Barbeque Nation (Malaysia) SDN BHD MALAYSIA.
  - Barbeque Nation International LLC, Oman





## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### Related party transactions (contd.)

The nature and amount of related party transactions during the year are as under:

	<i>Sole shareholder AED</i>	<i>Subsidiary companies AED</i>	<i>Total 2019 AED</i>	<i>Total 2018 AED</i>
<b>Revenue</b>				
Interest income from long term loan given	-	2,701,681	2,701,681	961,364
Management fees	-	300,000	300,000	165,000
<b>Expenses</b>				
Finance costs to the shareholder	802,460	-	802,460	460,184
<b>Other income (net)</b>				
Payable written back	14,492,204	-	14,492,204	-
Loan to a subsidiary waived	-	(14,492,204)	(14,492,204)	-

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

	<i>Shareholder AED</i>	<i>Subsidiary companies AED</i>	<i>Total 2019 AED</i>	<i>Total 2018 AED</i>
<b>Under non-current assets</b>				
Investment in subsidiaries	-	1,790,337	1,790,337	1,089,000
Long term loan to subsidiaries	-	34,516,148	34,516,148	24,710,802
<b>Under current assets</b>				
Short term loan to a subsidiary	-	5,503,471	5,503,471	1,506,229
<b>Under non-current liabilities</b>				
Loan from the shareholder	1,318,804	-	1,318,804	8,763,430
<b>Under current liability</b>				
Interest payable to shareholder	-	-	-	460,184
			<b><u>2019</u></b>	<b><u>2018</u></b>
			<b><u>AED</u></b>	<b><u>AED</u></b>

#### 20. Finance charges

Interest on term loans	1,924,914	501,179
Interest on vehicle loan	3,062	1,056
Interest on shareholder's loan (refer note 19)	802,460	460,184
	<b><u>2,730,436</u></b>	<b><u>962,419</u></b>

#### 21. Financial instrument risks

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

- a) Credit risk
- b) Market risk
- c) Liquidity risk



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of other receivables and bank balances.

##### *Trade and other receivables*

There is no significant exposure from trade and other receivables within and outside U.A.E. and outside the industry in which the company operates.

##### *Bank balances*

The company's bank balances in current accounts are placed with high credit quality financial institutions.

#### b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### *Interest rate risk*

The company has given loan to a related party and obtained loan from the shareholder at fixed rate of interest. Bank borrowings is at fixed and floating rates of interest prevailing in international market.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the company's profit for the year (through the impact on floating rate borrowings).

	<i>Changes in basis points 2019 (bps)</i>	<i>Sensitivity of interest expenses 2019 AED</i>	<i>Changes in basis points 2018 (bps)</i>	<i>Sensitivity of interest expenses 2018 AED</i>
Interest rates	+/- 50	14,382	+/-40	13,248
6M LIBOR	+/- 99	278,553	+/-48	88,080

There is no material impact on equity for a change in interest rate.

##### **Exchange rate risk**

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:



## BARBEQUE NATION MENA HOLDING LIMITED

### Notes to the Financial Statements for the year ended 31 March 2019

#### Exchange rate risk (contd.)

	<i>2019</i> <i>Equivalent</i> <i>AED</i>	<i>2018</i> <i>Equivalent</i> <i>AED</i>
<b>Foreign currency liability:</b>		
Indian rupees	1,318,804	1,839,938

The following table illustrates the sensitivity of profit for a reasonable change in foreign exchange rates, with all other variables held constant at 31 March 2019 and 2018.

<i>Particulars</i>	<i>2019</i>			<i>2018</i>		
	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency rate</i> <i>in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency</i> <i>rate in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>
<b>Foreign currency liabilities</b>						
<i>INR</i>						
<i>currency</i>	1,318,804	+/- 6%	79,128	1,839,938	+/-4%	75,767

A change in currency rates are considered for the exchange rate have been determined based on the average market volatility in exchange rates in the year 2018-19 and 2017-18 over period of 12 months.

#### c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the directors and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

#### 22. Financial instruments: Fair value

Financial instruments comprise of financial assets and financial liabilities. The fair value of the company's financial assets comprising of other receivables and prepayment, short term loan and bank balances and financial liabilities comprising of bank borrowings and accruals and other payables approximate to their carrying values.

#### 23. Contingent liability

There was no contingent liability of a significant amount outstanding as at the reporting date.

#### 24. Capital commitment

Improvement to rented office premise at Jumeirah Lakes Towers, Dubai, U.A.E. (refer note 8)

*2019*  
*AED*

*2018*  
*AED*

46,277

#### 25. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

