

**LIBERTY FOOT FASHION
MIDDLE EAST FZE**

Financial Statements
31st March 2016

LIBERTY FOOT FASHION MIDDLE EAST FZE

Financial Statements

31st March 2016

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LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, U.A.E

REPORT OF DIRECTORS

To the Members,

Your Directors are pleased to present their tenth Annual Report together with the Audited Financial Statements of Annual Accounts of the Establishment for the year ended 31st March, 2016.

Overview of the Year

During the year under review, the management of the Establishment has not initiated any activities to commence the business due to unfavorable market condition. The management is regularly reviewing its working and looking for right opportunities to start the commercial operations.

The Directors are also exploring the option of consolidation of its activities with its parent Company M/s Liberty Shoes Ltd subject to regulatory approvals and after complying with the statutory guidelines.

Share Capital

The Establishment has so far issued 1 (One) Equity Share of AED 1,000,000 (AED One Million) to its Holding Company i.e. Liberty Shoes Ltd.

Board of Directors

There has been no change in the composition of the Board of Directors of the Establishment during the year under review.

Dividend

Since, the Establishment has not carried out any business activity during the year, your Directors do not recommend any dividend on Equity Share Capital of the Establishment to the Shareholder for the financial year ended 31st March, 2016.

Statutory Auditors and Report thereof

In order to comply with the requirements of the Paragraph 50 of Implementation Regulations No. 1/92, M/s Sangani and Company, Chartered Accountants have been appointed as the Auditors of the Establishment to make a report to the Owner of the Establishment on its Annual Financial Statements. Accordingly, the Auditors have carried out their audit of Establishment's Annual Financial Statements for the financial year ended 31st March, 2016 and the observations of the Auditors in their report are self-explanatory and do not require any specific comments.

Disclosure particulars

The Establishment, being registered outside India, the disclosures required to be made in accordance with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not relevant and hence, the same have not been furnished.

Particulars Of Employees

The Establishment, being registered outside India, the disclosures required to be made in accordance with the provisions of Section 134 of the Companies Act, 2013 are not relevant and hence, the same have not been furnished.

Directors' Responsibility Statement

The Directors of the Establishment hereby confirm that:-

(i) That in the preparation of the Annual Accounts for the year ended 31st March 2016, the applicable Accounting Standards have been followed and there has been no material departure.

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Establishment at the end of the financial year and of the profit or loss of the Establishment for the year under review.

(iii) That the Directors have taken proper care for the maintenance of accounting records in accordance with the regulations of the JAFZA authorities for the safeguarding the assets and preventing and detecting frauds and other irregularities;

(iv) That the Directors had prepared the accounts for the financial year ended 31st March 2016 on a going concern basis.

Acknowledgement

Your Directors acknowledge the continuous support extended by the Banker and the Shareholder of the Establishment.

**For and on behalf of the Board of Directors
Liberty Foot Fashion Middle East FZE**

Place: Dubai
Date: 19th May, 2016

Sd/-
Director

The Shareholder
Liberty Foot Fashion Middle East FZE
P.O. Box 50553
Dubai, U.A.E.

AUDITORS' REPORT

We have audited the financial statements of LIBERTY FOOT FASHION MIDDLE EAST FZE, Dubai, U.A.E., which comprise statement of financial position as at 31 March, 2016 and statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 10.

Management 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LIBERTY FOOT FASHION MIDDLE EAST FZE, Dubai, U.A.E., as on 31st March, 2016 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Sd/-
SANGANI AND COMPANY
Chartered Accountants
Dubai: 19th May, 2016

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st March, 2016

	Note	2016 AED	2015 AED
Revenue		-	-
Expenses			
Administrative and general expenses	3	(84,409)	(82,092)
Net loss for the year		(84,409)	(82,092)
Other comprehensive income		-	-
Total comprehensive loss for the year		(84,409)	(82,092)

The notes on pages 8 to 10 form part of these financial statements.

Approved by the Management on 19th May, 2016.

FOR LIBERTY FOOT FASHION MIDDLE EAST FZE

Sd/-
Director

The report of the Auditors is set out on page 3.

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Statement of Financial Position

At 31st March, 2016

	Note	2016 AED	2015 AED
Current assets			
Loans and Advances	4	2,420,102	2,440,673
		<u>2,420,102</u>	<u>2,440,673</u>
Current liabilities			
Other payables		328,227	264,389
		<u>328,227</u>	<u>264,389</u>
Net current assets		<u>2,091,875</u>	<u>2,176,284</u>
Net assets		<u><u>2,091,875</u></u>	<u><u>2,176,284</u></u>
Represented by:			
Share capital	5	1,000,000	1,000,000
Shareholder's current account		1,539,376	1,539,376
Retained loss		(447,501)	(363,092)
		<u><u>2,091,875</u></u>	<u><u>2,176,284</u></u>

The notes on pages 8 to 10 form part of these financial statements.

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgements underlying them. We also confirm that we have made available all relevant accounting records and information for its compilation.

Approved by the Management on 19th May, 2016.

FOR LIBERTY FOOT FASHION MIDDLE EAST FZE

Sd/-

Director

The report of the Auditors is set out on page 3.

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Statement of Cash Flows

for the year ended 31st March, 2016

	2016 AED	2015 AED
Operating activities		
Total comprehensive (loss) for the year	<u>(84,409)</u>	<u>(82,092)</u>
<i>Operating (loss) before working capital changes</i>	<u>(84,409)</u>	<u>(82,092)</u>
Decrease / (increase) in loans and advances	20,571	(20,719)
Increase in other payables	63,838	101,940
<i>Cash (used in) operating activities</i>	<u>-</u>	<u>(871)</u>
Net (decrease) in cash and cash equivalents	-	(871)
Cash and cash equivalents at the beginning of the year	-	871
Cash and cash equivalents at the end of the year	<u>-</u>	<u>-</u>

The notes on pages 8 to 10 form part of these financial statements.

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LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Statement of Changes in Equity

for the year ended 31st March, 2016

	Shareholder's			Total AED
	Share Capital AED	Current Account AED	Retained Loss AED	
At 31st March, 2014	1,000,000	1,539,376	(281,000)	2,258,376
Total comprehensive loss for the year	-	-	(82,092)	(82,092)
At 31st March, 2015	1,000,000	1,539,376	(363,092)	2,176,284
Total comprehensive loss for the year	-	-	(84,409)	(84,409)
At 31st March, 2016	<u>1,000,000</u>	<u>1,539,376</u>	<u>(447,501)</u>	<u>2,091,875</u>

The notes on pages 8 to 10 form part of these financial statements.

The report of the Auditors is set out on page 3.

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Notes

(forming part of the financial statements)

1 Status and principal activities

LIBERTY FOOT FASHION MIDDLE EAST FZE., is registered and is in the process of obtaining license from the Jebel Ali Free Zone Authority, Jebel Ali, Dubai, UAE as a free zone Establishment with limited liability pursuant to law no 9 of 1992 of Sheikh Maktoum Bin Rashid Al Maktoum and the implementing regulations issued there under.

It is a wholly owned subsidiary of Liberty Shoes Ltd, India.

The Establishment is engaged in the business of general trading. The Establishment has not commenced any business operations till the date of this report.

2 Principal accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the International Accounting Standards Board ("IASB").

The following accounting policies, which comply with IFRS have been applied consistently in dealing with items which are considered material in relation to the Establishment's financial statements.

Basis of preparation

These financial statements presented in U.A.E Dirhams ("AED") have been prepared under the historical cost convention.

Other payables

Other payables are stated at cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Establishment.

Impairment

The carrying amount of the Establishment's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the income statement.

Foreign currencies

Transactions denominated in foreign currencies are translated into AED at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into AED at the foreign exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are retranslated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses are recognised in the income statement.

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Notes (continued)

Provisions

A provision is recognised in the balance sheet when the Establishment has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Operating lease payments

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

	2016	2015
	AED	AED
3 Administrative and general expenses		
Repairs and maintenance charges	71,604	68,164
Utility expenses	7,755	5,347
Miscellaneous expenses	5,050	8,581
	<u>84,409</u>	<u>82,092</u>

4 Loans and Advances

Loans and Advances represent the amount paid to Emmar Properties for the acquisition of residential premises at Burj Dubai, UAE and the amount paid for acquisition of fixed assets installed in the said property. The property is in the name of the parent company, Liberty Shoes Ltd, India.

5 Share capital

Authorised, issued and fully paid up:

1 fully paid up share of AED 1,000,000	<u>1,000,000</u>	<u>1,000,000</u>
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6 Financial instruments

Financial assets of the Establishment include loans & advances. Financial liabilities of the Establishment include other payables. Accounting policies for financial assets and financial liabilities are set out in note 2.

Currency risk

Management closely monitors the risks arising out of exchange rate fluctuations. In view of past experience, management does not consider it necessary to cover the Establishment from currency risk.

Fair value

The fair value of Establishment's financial instruments approximates the carrying value.

LIBERTY FOOT FASHION MIDDLE EAST FZE

P.O. Box 50553, Dubai, UAE

Notes *(continued)*

7 Comparative figures

Certain comparative figures have been reclassified / regrouped to conform to the presentation adopted in these financial statements.

For LIBERTY FOOT FASHION MIDDLE EAST FZE

Sdf

Director