Accountants &
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QUICK HEAL TECHNOLOGIES AFRICA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS **PAGE**

COMPANY INFORMATION

BOARD OF DIRECTORS	: Quick Heal Technologies Limited (Incorporated in India) : Kailash Katkar - Indian : Sanjay Katkar - Indian
REGISTERED OFFICE	: Plot No. Msa/Block/XIX/75, : 1st Floor, Pereira Building, : Pramukh Swami Maharaj Road, : P. O. Box 90553 - 80100 : Mombasa
PRINCIPAL PLACE OF BUSINESS	: Quick heal Technologies Africa Limited : Muthithi Place, 3rd Floor, Office 3B : Muthithi Road, Westlands, : P. O. Box 38606 - 00623 : Nairobi
INDEPENDENT AUDITOR	: PKF Kenya : Certified Public Accountants : P. O. Box 90553 - 80100 : Mombasa
COMPANY SECRETARIES	: Equatorial Secretaries and Registrars : Certified Public Secretaries : P. O. Box 90553 - 80100 : Mombasa
PRINCIPAL BANKERS	: Bank of India : Mombasa

REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 31 March 2016 which disclose the state of affairs of the company

PRINCIPAL ACTIVITY

The principal activity of the company is that of buying and selling of anti-virus and internet security software products.

RESULTS

	2016 Shs	2015 Shs
Loss before tax	(40,60,881)	(93,09,948)
Tax credit	12,05,562	26,85,107
Loss for the year	(28,55,319)	(66,24,841)

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2015: Shs Nil).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

INDEPENDENT AUDITOR

The company's auditor, PKF Kenya continues in office in accordance with the Kenyan Companies Act.

BY ORDER OF THE BOARD

DIRECTOR

040516
_______2016

QUICK HEAL TECHNOLOGIES AFRICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 04 05 16 2016 and signed on its behalf by:

DIRECTOR

QUICK HEAL TECHNOLOGIES AFRICA LIMITED

DIRECTOR

PKF KENYA
Certified Public Accountants

PKF
Accountants &
business advisers

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF QUICK HEAL TECHNOLOGIES AFRICA LIMITED

Report on the financial statements
We have audited the accompanying financial statements of Quick Heal Technologies Africa Limited, set out on pages 5 to 17, which comprise the statement of financial position as at 31 March 2016, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion the accompanying financial statements give a true and fair view of the financial position of Quick Heal Technologies Africa Limited as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

Report on other legal requirements
As required by the Kenyan Companies Act we report to you, based on our audit, that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii) the company's statement of financial position and statement of profit or loss are in agreement with the books of account.

PKF Kenya

Certified Public Accountants
Mombasa

5-5 **2016**

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Piyush Ramesh Devchand Shah P/No. 1521

156/2016

Tel +254 41 2226422/3 • 2314007 • 2313269 • 2315846/97 • Mobile +254 724 / 733 563668 • Email pkfmsa@ke.pkfea.com • www.pkfea.com
PKF KENYA • 1st Floor • Pereira Building • Pramukh Swami Maharaj Road • P O Box 90553 - 80100 • Mombasa • Kenya

STATEMENT OF PROFIT OR LOSS

	Notes	2016 Shs	2015 Shs
Revenue	4	30,401,297	18,004,795
Cost of sales		(28,849,303)	(15,643,800)
Gross profit		1,551,993	2,360,995
Other operating income	5	3,378,985	1,222,750
Administrative expenses		(7,355,110)	(11,078,738)
Other operating expenses		(1,636,749)	(1,814,955)
Loss before tax	6	(4,060,881)	(9,309,948)
Tax credit	7	1,205,562	2,685,107
Loss for the year		(2,855,319)	(6,624,841)

The notes on pages 9 to 17 form an integral part of the financial statements.

Report of the independent auditor - page 4.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2016 Shs	2015 Shs
EQUITY			
Share capital	8	178,00,000	178,00,000
Retained earnings		(133,34,729)	(104,79,410)
Equity attributable to owners of the company		44,65,271	73,20,590
REPRESENTED BY			
Non-current assets			
Plant and equipment	10	4,76,293	5,71,935
Deferred tax	9	54,65,467	42,59,905
		59,41,760	48,31,840
Current assets			
Inventories	11	112,89,654	116,66,787
Trade and other receivables	12	374,14,187	116,78,952
Cash and cash equivalents	13	49,34,896	67,05,568
		536,38,737	300,51,307
Current liabilities			
Trade and other payables	14	551,15,226	275,62,557
Net current (liabilities)/assets		(14,76,489)	24,88,750
		44,65,271	73,20,590

The financial statements on pages 5 to 17 were approved and authorised for issue by the Board of Directors on 04 05 16 2016 and were signed on its behalf by:

____________________DIRECTOR   ____________________DIRECTOR

The notes on pages 9 to 17 form an integral part of the financial statements.

Report of the independent auditor - page 4.

QUICK HEAL TECHNOLOGIES AFRICA LIMITED

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital Shs	Retained earnings Shs	Total Shs
Year ended 31 March 2016				
At start of year		17,800,000	(10,479,410)	7,320,590
Loss for the year		-	(2,855,319)	(2,855,319)
At end of year		17,800,000	(13,334,729)	4,465,271
Year ended 31 March 2015				
At start of period		15,300,000	(3,854,569)	11,445,431
Issue of ordinary share capital	8	2,500,000	-	2,500,000
Loss for the year		-	(6,624,841)	(6,624,841)
At end of year		17,800,000	(10,479,410)	7,320,590

The notes on pages 9 to 17 form an integral part of the financial statements.

Report of the independent auditor - page 4.

STATEMENT OF CASH FLOWS

	Notes	2016 Shs	2015 Shs
Cash flows from operating activities			
Loss before tax		(4,060,881)	(9,309,948)
Adjustments for:			
Depreciation on plant and equipment	10	143,635	179,946
Gain on sale of plant and equipment		(1,493)	-
Changes in working capital:			
- trade and other receivables		(25,735,235)	(2,987,425)
- inventories		377,133	606,058
- trade and other payables		27,552,669	13,738,852
Net cash (used in)/from operating activities		(1,724,172)	2,227,483
Cash flows from investing activities			
Proceeds from issue of ordinary shares	8	-	2,500,000
Cash paid for purchase of plant and equipment	10	(61,500)	(10,000)
Proceeds from sale of plant and equipment		15,000	-
Net cash (ued in)/from investing activities		(46,500)	2,490,000
(Decrease)/increase in cash and cash equivalents		(1,770,672)	4,717,483
Movement in cash and cash equivalents			
At start of year		6,705,568	1,988,085
(Decrease)/increase		(1,770,672)	4,717,483
At end of year	13	4,934,896	6,705,568

The notes on pages 9 to 17 form an integral part of the financial statements.

Report of the independent auditor - page 4.

NOTES: SIGNIFICANT ACCOUNTING POLICIES

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

1. **General Information**

Quick Heal Technologies Africa Limited is a limited liability company incorporated in Kenya. The address of its registered office is in Mombasa and its principal place of business is in Nairobi, Kenya.

The principal activity of the company is that of buying and selling of anti-virus and internet security software products.

2. a) **Basis of preparation**

The financial statements of Quick Heal Technologies Africa Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention except where otherwise stated in the accounting policies below.

These financial statements comply with the requirements of the Kenyan Companies Act. The statement of profit or loss represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the directors' report and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position.

As disclosed in Note 3, directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) **Use of estimates**

The company makes judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) **Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of internet security software products

Revenue from sale of internet security software products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

d) **Plant and equipment**

All plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

d) **Plant and equipment**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on fixed assets is calculated on a Written Down Value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its plant and equipment.

Type of assets	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	5%
Computers	3	63%
Electrical Installations	10	26%
Furniture and Fixtui	10	26%
Office equipment	5	45%
Servers	6	39%
Vehicle	8	31%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's amount is greater than its estimated recoverable amount.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit/loss.

e) **Impairment of assets**

At each reporting date, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or a group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or a group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount(selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in profit or loss.

f) **Trade and other receivables**

Trade receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

g) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days, net of bank overdrafts.

h) **Inventories**

Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost of the finished product in which they will be incorporated are expected to be sold at. Cost of raw material is determined on a weighted average basis.

Finished goods are valued at lower of cost and net realisable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost of finished goods includes excise duty, whenever applicable. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) **Trade and other payables**

Trade and other payables are recognised initially at the transaction price. They are obligations on the basis of normal credit terms and do not bear interest.

j) **Translation of foreign currencies**

(i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates at the date when the values were determined.

(iii) **Exchange differences**

Exchange differences arising on conversion / settlement of foreign currency monetary items are recognised as income or expenses in the year in which they arise

k) **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

l) **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences (other than temporary differences) associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

m) **Share capital**

Ordinary shares are classified as equity.

n) **Employee benefit obligations**

Pension obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

o) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

3. Basis of preparation

The ability of the company to continue as a going concern may be dependent upon financial assistance from the principlal shareholder. The parent company have confirmed that they will continue to support the company as and when required and such confirmation has been received in writing.

4. Revenue

	2016 Shs	2015 Shs
Sale of antivirus software:		
- export	24,402,163	13,646,218
- local	5,999,134	4,358,577
	30,401,297	18,004,795

5. Other operating income

Profit on sale of plant and equipment	1,493	-
Miscellaneous income	14,601	-
Bad debts recovered	1,010,890	-
Exchange gain on foreign currency balances and transactions	2,352,001	1,222,750
	3,378,985	1,222,750

6. Loss before tax

The following items have been charged in arriving at loss before tax

Audit fees	750,000	465,000
Depreciation on plant and equipment (Note 10)	143,635	179,946
Post employment benefits - NSSF	11,000	9,800
Operating lease rentals	1,322,400	1,605,000
Cost of inventories recognised as an expense	28,834,303	15,252,991

7. Tax

Current tax	-	-
Deferred tax credit (Note 9)	(1,205,562)	(2,685,107)
Tax credit	(1,205,562)	(2,685,107)

7. Tax (continued)

	2016 Shs	2015 Shs
The tax on the loss before tax arise using the basic tax rate as follows:		
Loss before tax	(4,060,881)	(9,309,948)
Tax calculated at a tax rate of 30% (2015: 30%)	(1,218,264)	(2,792,984)
Tax effect of:-		
- expenses not deductible for tax purposes	12,702	107,877
Tax credit	(1,205,562)	(2,685,107)

No current tax arises due to accumulated losses.

The tax losses expire as follows:

Arising in	Tax losses Shs	Expiring
2014	5,304,429	31 March 2023
2015	5,002,492	31 March 2024
2016	4,185,072	31 March 2025
	14,491,993	

8. Share capital

	2016 Shs	2015 Shs
Authorised:		
2,500,000 (2015: 2,500,000) ordinary shares of Shs 10 each	25,000,000	25,000,000
Issued and fully paid:		
At start of year		
1,780,000 (2015: 1,530,000) ordinary shares of Shs 10 each	17,800,000	15,300,000
Issued during the year		
NIL (2015: 250,000) shares	-	2,500,000
At end of year		
1,780,000 (2015: 1,780,000) ordinary shares of Shs 10 each	17,800,000	17,800,000

9. Deferred tax

	2016 Shs	2015 Shs
At start of year	(4,259,905)	(1,574,798)
Credit to profit or loss (Note 7)	(1,205,562)	(2,685,107)
At end of year	(5,465,467)	(4,259,905)

9. Deferred tax

Deferred tax (assets)/liabilities and deferred tax charge/(credit) in profit or loss is attributable to the following items:

	At start of year Shs	Charge/(credit) to profit or loss Shs	At end of year Shs
Deferred tax liabilities			
Plant and equipment	12,368	(271)	12,097
Deferred tax assets			
Other temporary differences	(1,180,196)	50,230	(1,129,966)
Tax losses carried forward	(3,092,077)	(1,255,521)	(4,347,598)
	(4,272,273)	(1,205,291)	(5,477,564)
Net deferred tax asset	(4,259,905)	(1,205,562)	(5,465,467)

10. Plant and equipment

	Computer equipment Shs	Motor vehicles Shs	Furniture, fittings and equipment Shs	Total Shs
Cost				
At start of year	147,200	650,000	119,988	917,188
Additions	61,500	-	-	61,500
Disposal	-	-	(17,500)	(17,500)
At end of year	208,700	650,000	102,488	961,188
Depreciation				
At start of year	67,365	253,990	23,898	345,253
Disposal	-	-	(3,993)	(3,993)
Charge for the year	34,011	99,045	10,579	143,635
At end of year	101,376	353,035	30,484	484,895
Net book value				
As at 31 March 2016	107,324	296,965	72,004	476,293
As at 31 March 2015	79,835	396,010	96,090	571,935

11. Inventories

	2016 Shs	2015 Shs
Antivirus software	7,355,982	7,365,905
Packing materials, sealing stickers, user manuals and CDs	3,933,672	4,300,882
	11,289,654	11,666,787

Inventories comprise non-perishable items and in the opinion of the directors any old inventory items will be re-packaged and sold in 2017 hence a write-down of inventories was not required.

12. Trade and other receivables

	2016 Shs	2015 Shs
Trade receivables	41,271,659	16,203,609
Less: impairment provision	(4,348,493)	(4,907,546)
Net trade receivables	36,923,166	11,296,063
Prepayments	1,160	9,931
Other receivables	19,861	69,158
Deposits	470,000	303,800
	37,414,187	11,678,952

Movement in impairment provisions

	2016	2015
At start of year	4,907,546	-
Addition	-	4,907,546
Recoveries	(1,010,890)	-
Effect of exchange differences	451,837	-
At end of year	4,348,493	4,907,546

The company's credit risk arises primarily from trade receivables. 85% of the outstanding trade receivables are held by two customers. This represents a significant concentration of credit risk. These customers have no recent history of default and in the opinion of the directors, the impairment provision on a portion of these receivables is adequate.

Trade receivables that are aged past 180 days are considered past due. As at 31 March 2016, trade receivables amounting to Shs 15,767,958 (2015: Shs 4,249,388) were past due but not impaired. The company does not hold any collateral as security.

The ageing analysis of these trade receivables is as follows:

	2016 Shs	2015 Shs
6 to 12 months	10,269,102	4,339,295
Over 12 months	9,847,349	4,817,639
	20,116,451	9,156,934
Impairment provision	(4,348,493)	(4,907,546)
	15,767,958	4,249,388

13. Cash and cash equivalents

	2016	2015
Cash at bank and in hand	4,934,896	6,705,568

14. Trade and other payables

	2016	2015
Trade payables	72,798	64,960
Accruals	768,671	796,726
Trade payable to related party (Note 15 (ii))	53,215,829	25,464,515
Advances from related party (Note 15 (iii))	1,057,928	1,236,356
	55,115,226	27,562,557

15. **Related party transactions**

The company is controlled by Quick Heal Technologies Limited incorporated in India which owns 100% of the company's shares.

The following transactions were carried out with related parties:

	2016 Shs	2015 Shs
i) Purchase of goods		
Parent	27,751,314	13,476,034
ii) Outstanding balances arising from purchase of goods		
Trade payables - parent (Note 14)	53,215,829	25,464,515

The amounts due to related party are unsecured and interest free.

	2016 Shs	2015 Shs
iii) Advances from related party - Parent		
At start of year	1,236,356	1,279,309
Repayments	(178,428)	(42,953)
At end of year (Note 14)	1,057,928	1,236,356

The advances from related party are unsecured and interest free.

	2016 Shs	2015 Shs
iv) Key management personnel compensation		
Short-term employee benefits	1,593,833	2,344,827

16. **Commitments**

Operating lease commitments - as a lessee

The future minmum lease payments under non-cancellable operating leases are as follows:

	2016 Shs	2015 Shs
Not later than a year	1,848,480	858,000
Later than 1 year and not later than 5 years	8,843,178	2,442,360
Later than 5 years	1,222,386	-
	11,914,044	3,300,360

The lease term is for 6 years and it is renewable at the end of the tenure of the lease.

17. **Country of incorporation**

Quick Heal Technologies Africa Ltd is incorporated in Kenya under the Kenyan Companies Act as a private limited liability company and is domiciled in Kenya.

18. **Presentation currency**

These financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF COST OF SALES AND EXPENDITURE

1. COST OF SALES

	2016 Shs	2015 Shs
Cost of antivirus software and packing materials consumed (1.1)	28,834,303	15,252,991
Clearing charges	-	390,009
Labour charges	15,000	800
	28,849,303	15,643,800

1.1 COST OF ANTIVIRUS SOFTWARE AND PACKING MATERIALS CONSUMED

	2016 Shs	2015 Shs
Opening stock		
Purchases:	11,666,787	12,272,845
- licence keys	27,751,314	14,141,081
- raw material	447,656	406,288
- packing material	258,200	99,564
Closing stock	(11,289,654)	(11,666,787)
	28,834,303	15,252,991

2. ADMINISTRATIVE EXPENSES

	2016 Shs	2015 Shs
Employment:		
Salaries and wages	4,067,484	3,422,923
Staff welfare	129,233	41,996
Work permit	-	220,822
Total employment costs	4,196,717	3,685,741
Other administration expenses:		
Postage and telephone	220,566	129,168
Business promotion	932,929	98,349
Vehicle running	9,385	12,863
Entertainment and travel	431,236	123,770
Printing and stationery	9,617	9,659
Audit fees	750,000	465,000
Legal and professional fees	480,568	546,952
Bank charges and commissions	40,952	36,015
Miscellaneous	90,180	33,397
Transportation and freight	150,620	1,030,278
Impairment of receivables	-	4,907,546
Fines and penalties	42,341	-
Total other administration expenses	3,158,393	7,392,997
Total administrative expenses	7,355,110	11,078,738

3. OTHER OPERATING EXPENSES

	2016 Shs	2015 Shs
Establishment		
Rent and rates	1,322,400	1,605,000
Repairs and maintenance	170,714	30,009
Depreciation on plant and equipment	143,635	179,946
Total other operating expenses	1,636,749	1,814,955