

Sakuma Exim DMCC
Dubai - United Arab Emirates

Auditors' report and financial statements
For the year ended March 31, 2014

Private & Confidential

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Dubai - United Arab Emirates
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Sakuma Exim DMCC
Dubai - United Arab Emirates
The Entity

Principal office address	: Unit No. 2H-05-144, Floor No. 5, Bldg No. 2, Plot No. 550-554 J&G, DMCC Dubai – U.A.E.	
The Chairman	: Mr. Chander Mohan	Nationality India
The Manager	: Mr. Subramaniam Venkatraman Iyer	India
The Shareholder	: M/s Sakuma Exports Ltd.	Indian Company
The Auditor	: M Al Ali Auditing P O Box . 171492 Dubai, United Arab Emirates	
The Main Bank	: Standard Chartered Bank	



Sakuma Exim DMCC
Dubai - United Arab Emirates

Directors Report

The Directors have pleasure in presenting its report and the audited financial statements of for the period ended March 31, 2014.

The current financial year has been a challenging, as the region's business environment has been characterized by increasing commodity prices, hike in oil and consumer products with a very tough competition. It is therefore encouraging to see that the Entity has achieved financial results, with AED 193,266,830 in sales this year.

The management focus of the past financial period has been on stabilizing the business. At the same time, maximizing revenue was another key focus point, primarily achieved by retaining the best talent in the industry and the management team has been strengthened considerably to ensure effective coordination between all markets and functions.

We are confident that these factors, along with best practices, offer a sustainable growth for the Entity in time to come.

Principal activities of the Entity :

The principal activities of the entity consist of trading in Agricultural & Foodstuff commodities.

Financial review:

Income statement

Despite the difficult market conditions and such a short span, we have achieved reasonable revenue during the period of AED 193,266,830. The net profit for the period is AED 1,957,355 and the gross profit margin is 2.02%.

Statement of financial position

The total assets of the Entity are AED 23,584,763 and the total liabilities of the Entity are AED 21,108,939.

The Entity has overcome significant challenges during the period under review and continues its core business performance with the confidence that it has the ability to stand and overcome these challenges.

The table below summarized results of 2014 & 2013

	<u>2014</u>	<u>2013</u>
	<u>AED</u>	<u>AED</u>
Revenue	193,266,830	58,406,848
Direct cost	(189,371,275)	(56,981,833)
Gross profit	<u>3,895,555</u>	<u>1,425,015</u>
Gross profit margin	2.02%	2.44%
Net profit for the period	1,957,355	468,524
Net profit margin	1.01%	0.80%

Business operations review and future business developments:

The infrastructure of the U.A.E is considered to be excellent and we expect it to drive the economy to the foreseeable future. The current financial period has already started on a strong note and the Entity is optimistic about the prospects on the performance of its business in the ensuing year.



Going concern:

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after period end:

In the opinion of the Director no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial period and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditors:

M/s. M AL ALI AUDITING, United Arab Emirates is willing to appoint as an auditor of the company.

Statement of Directors responsibilities:

The applicable requirements, requires the Director to prepare the financial statements for each financial period which presents fairly in all material respects, the financial position of the Entity and its financial performance for the period then ended.

The audited financial statements for the period under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Director confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Director also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the period under review and reasonably present the Entity's financial conditions and results of its operations.

Acknowledgements

The Director wishes to place on record his sincere gratitude for the continuous support extended by various government departments, banks, customers, suppliers, employees and all well wishers.



Director

Sakuma Exim DMCC

Date May 11, 2014



Independent auditors' report

To,
The Shareholder's
Sakuma Exim DMCC
Dubai - United Arab Emirates

Report on the financial statements

We have audited the accompanying financial statements of **Sakuma Exim DMCC Dubai, U.A.E.** ("Entity") which comprise the statement of financial position as at **March 31, 2014** and the statement of comprehensive income, statement of changes in shareholder's equity, statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). The management is also responsible for such internal controls as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 financial statements present fairly, in all material respects, the financial position of the **Sakuma Exim DMCC** as at **March 31, 2014** and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.





Report on other legal and regulatory requirements

As required by the provisions of the DMCC Entity Regulation No. 1/3 issued in 2003, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit,
2. Proper books of accounts have been maintained by the Entity,
3. A physical count of inventories was carried out by the management in accordance with established principles,
4. The contents of the Director report which relates to the financial statements are in agreement with the books of account.
5. We are not aware of any contraventions during the period of the above mentioned law or the Entity's Articles Association; which may have material effect on the financial position of the Entity or the result of its for the year.

For M AL ALI AUDITING

Dubai, United Arab Emirates - U.A.E.
May 11, 2014



Sakuma Exim DMCC
Dubai - United Arab Emirates
Statement of financial position as at March 31, 2014
(In Arab Emirates Dirham)

	Notes	2014	2013
Assets			
<i>Current assets</i>			
Due from related parties	3	741,340	304,594
Inventories	4	974,408	3,951,588
Trade receivables	5	20,613,649	9,396,747
Advances, deposits and other receivables	6	141,161	-
Cash and bank balances	7	1,114,205	356,925
<i>Total current assets</i>		<u>23,584,763</u>	<u>14,009,854</u>
Total assets		<u>23,584,763</u>	<u>14,009,854</u>
Equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	8	50,000	50,000
Retained earnings	9	2,425,879	468,524
Shareholders' current account	10	(55)	(55)
<i>Total shareholders' equity</i>		<u>2,475,824</u>	<u>518,469</u>
<i>Non-current liabilities</i>			
<i>Current liabilities</i>			
Trade and other payable	11	21,108,939	13,491,385
<i>Total liabilities</i>		<u>21,108,939</u>	<u>13,491,385</u>
Total shareholders' equity and liabilities		<u>23,584,763</u>	<u>14,009,854</u>

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 4 and 5.

The financial statements on pages 6 to 18 were approved on May 11, 2014 and signed on behalf of the Entity.
by:



Director
Sakuma Exim DMCC



Sakuma Exim DMCC

Dubai - United Arab Emirates

Statement of comprehensive income for the year ended March 31, 2014

(In Arab Emirates Dirham)

	Notes	2014	2013
Revenue	12	193,266,830	58,406,848
Direct cost	13	(189,371,275)	(56,981,833)
Gross profit		3,895,555	1,425,015
Selling and distribution expenses	14	(422,328)	(123,093)
Administrative expenses	15	(900,223)	(645,255)
Finance costs	16	(615,649)	(188,143)
Profit for the year		1,957,355	468,524
Other comprehensive income		-	-
Total comprehensive income for the year		1,957,355	468,524

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

The report of the auditors is set out on page 4 and 5.

The financial statements on pages 6 to 18 were approved on May 11, 2014 and signed on behalf of the Entity,

by



Director

Sakuma Exim DMCC



Sakuma Exim DMCC

Dubai - United Arab Emirates

Statement of changes in shareholder's equity for the year ended March 31, 2014

(In Arab Emirates Dirham)

	Share capital	Retained earnings	Shareholders ' current account	Total shareholders ' equity
Opening balance	50,000	-	-	50,000
Comprehensive income for the year	-	468,524	(55)	468,469
Balance as at March 31, 2013	50,000	468,524	(55)	518,469
Comprehensive income for the year	-	1,957,355	-	1,957,355
Balance as at March 31, 2014	50,000	2,425,879	(55)	2,475,824



Sakuma Exim DMCC
Dubai - United Arab Emirates
Statement of cash flows for the year ended March 31, 2014
(In Arab Emirates Dirham)

	2014	2013
Cash flows from operating activities		
Net profit for the period	1,957,355	468,524
	1,957,355	468,524
<i>(Increase) / decrease in current assets</i>		
Inventories	2,977,180	(3,951,588)
Trade receivables	(11,216,902)	(9,396,747)
Advances, deposits and other receivables	(141,161)	-
Due from related parties	(436,746)	(304,594)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payable	7,617,554	13,491,385
	757,280	306,980
Cash from operations	757,280	306,980
Net cash from operating activities		
Cash flows from financing activities		
Capital introduced	-	50,000
Shareholders' current account	-	(55)
	-	49,945
Net cash from financing activities	757,280	356,925
Net increase in cash and cash equivalents	356,925	-
Cash and cash equivalents, beginning of the period	1,114,205	356,925
Cash and cash equivalents, end of the period	1,114,205	356,925
 Represented by:		
Cash in hand	13,121	37,537
Cash at banks	1,101,084	319,388
	1,114,205	356,925

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 4 and 5.



Sakuma Exim DMCC

Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2014

1 Legal status and business activities

- 1.1 Sakuma Exim DMCC Dubai ~ United Arab Emirates (the "Entity") was registered on 30th November 2011 as a DMCC Company and operates in the Dubai Multi Commodities Centre, United Arab Emirates under a trading license issued by the Department of Economic Development of the Government of Dubai.
- 1.2 The Entity is licensed by the Dubai Multi Commodities Centre for trading in Agricultural and Foodstuff Commodities
- 1.3 The registered office of the Entity is located at Unit No. 2H-05-144, Floor No. 5, Bldg No. 2, Plot No. 550-554, J&G, DMCC, Dubai, United Arab Emirates.
- 1.4 These financial statements incorporate the operating results of the trading license no. DMCC 32027

2 Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of the UAE laws. These financial statements are presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Entity is domiciled.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

The principal accounting policies applied in these financial statements are set out below.

2.3 Foreign currency

The entity transaction currency is local currency i.e. AED and few transaction are in USD. Exchange rate between USD and AED is pegged; hence in preparing the financial statements of Entity, transactions are recognition in the AED and there is no effect of any fluctuation on the financial statements.

2.4 Impairment of tangible

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.



2 Significant accounting policies (continued)

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following specified categories: financial assets 'at fair value through income statement' (FVTIS), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", due from/to related parties", "shareholders' loan" and "loan from/to related parties" in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Impairment of financial assets

Assets carried at amortised cost

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.6 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability (and an equity instrument).

An equity instrument is any contract that evidences a residual interest in the assets of the Entity after deducting all of its liabilities. (Equity instruments issued by the Entity are recorded at the proceeds received.

Trade and other payables

Trade and other payables are measured at amortised cost.

Share capital

Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.



2 Significant accounting policies (continued)

2.8 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

2.10 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are described below.

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Related parties

The Management have disclosed the related parties and the related due to and from related parties as per the requirements of IAS 24 "Related Parties Disclosures". In view of due to and from related parties being receivable and payable on demand and the Management intention to realise or pay the related parties as and when necessarily required, the disclosed balances are classified as current assets and current liabilities.



Sakuma Exim DMCC

Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2014

2 Significant accounting policies (continued)

2.10 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key assumptions

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

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.



Sakuma Exim DMMC

Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2014

(In Arab Emirates Dirham)

	2014	2013
3 Related party transactions		
The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.		
The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.		
a) Due from related parties		
Sakuma Exports Limited, India	741,340	304,594
	<u>741,340</u>	<u>304,594</u>
b) Transactions with related parties		
Purchases from Sakuma Exports Ltd. (India)	61,002,892	1,348,571
	<u>61,002,892</u>	<u>1,348,571</u>
		2,013
		<u>2,013</u>
4 Inventories		
Inventory in transit	974,408	3,951,588
	<u>974,408</u>	<u>3,951,588</u>
5 Trade receivables		
Trade receivables	20,613,649	9,396,747
	<u>20,613,649</u>	<u>9,396,747</u>
Note: a) The average credit period for the trade receivables is 60/90 days .		
b) Trade receivables as at March 31, 2014 contains 5 customers which represent more than 91% of the total receivables; hence the entity is highly concentrated of credit risk.		
<u>Ageing of receivables</u>		
Due with in 3 months	18,764,120	9,396,747
91 - 120 days	977,017	-
121 - 180 days	872,512	-
	<u>20,613,649</u>	<u>9,396,747</u>
6 Advances, deposits and other receivables		
Advances	141,161	-
	<u>141,161</u>	<u>-</u>
7 Cash and bank balances		
Cash in hand	13,121	37,537
Cash at banks	1,101,084	319,388
	<u>1,114,205</u>	<u>356,925</u>



Sakuma Exim DMCC

Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2014

(In Arab Emirates Dirham)

				2014	2013
8 Share capital					
Authorised, issued and paid up capital of the Entity is AED 50,000, divided into 50 shares of AED 1,000					
The details of the shareholding as at reporting date are as follows:					
Name of Shareholder	Nationality	Percentage	No of shares	2014	2013
M/s Sakuma Exports Ltd	Indian Co.	100%	50	50,000	50,000
		100%	50	50,000	50,000
9 Retained earnings					
Balance at the beginning of the year				468,524	-
Comprehensive income for the year				1,957,355	468,524
Balance at the end of the year				2,425,879	468,524
10 Shareholders' current account					
Net movements during the year				(55)	(55)
Balance at the end of the year				(55)	(55)
11 Trade and other payable					
Trade payable				20,326,599	13,459,135
Claim payable				741,340	-
Other payables				41,000	32,250
				21,108,939	13,491,385
12 Revenue					
Sales				193,266,830	58,406,848
				193,266,830	58,406,848
13 Direct cost					
Inventories, beginning of the year				3,951,588	-
Purchases (including direct expenses)				186,394,095	60,933,421
				190,345,683	60,933,421
Less: Inventories, end of the year				(974,408)	(3,951,588)
				189,371,275	56,981,833
14 Selling and distribution expenses					
Marketing				-	10,050
Business promotion				42,873	15,100
Commission on sales				379,455	97,943
				422,328	123,093
15 Administrative expenses					
Salaries and related benefits				526,002	353,279
Printing and stationery				39,320	25,105
Travelling and entertainment				69,152	30,437
Legal, visa, professional and related expenses				17,468	23,625
Utilities & Communication				111,618	41,511
Insurance				-	20,000
Misc. expenses				136,662	151,208
				900,223	645,255
16 Finance costs					
LC & bank charges				615,649	188,143
				615,649	188,143



Sakuma Exim DMCC

Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2014

(In Arab Emirates Dirhams)

17 Financial instruments**a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

b) Categories of financial instruments*Financial assets*

Trade receivables

Advances, deposits and other receivables

Cash and bank balances

Financial liabilities at amortised cost

Trade and other payable

As at March 31,

2014

2013

20,613,649 9,396,747

141,161 -

1,114,205 356,925

21,869,015 9,753,672

20,326,599 13,491,385

20,326,599 13,491,385

c) Fair values of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, investments, due from related parties and certain other assets. Financial liabilities consist of trade payables and accruals, due to related parties, term loans, bank overdrafts and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

18 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in U.A.E. Dirhams and U.S. Dollar to which Dirham to USD conversion is pegged.



18 Financial risk management objectives (continued)

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Entity's financial assets. The contractual maturities of the financial assets have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity were maintained. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements were also show on the following table

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2014							
Financial assets							
Trade receivables	-	-	-	18,764,120	1,849,529	-	20,613,649
Other receivables	-	-	-	141,161	-	-	141,161
Cash and bank balances	-	-	-	1,114,205	-	-	1,114,205
	-	-	-	20,019,486	1,849,529	-	21,869,015
Financial liabilities							
Trade and other payables	-	-	-	20,326,599	-	-	20,326,599
	-	-	-	20,326,599	-	-	20,326,599

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2013							
Financial assets							
Trade receivables	-	-	-	9,396,747	-	-	9,396,747
Cash and bank balances	-	-	-	356,925	-	-	356,925
	-	-	-	9,753,672	-	-	9,753,672
Financial liabilities							
Trade and other payables	-	-	-	13,491,385	-	-	13,491,385
	-	-	-	13,491,385	-	-	13,491,385



18 Financial risk management objectives (continued)

c) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

The Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

19 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

20 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Entity's financial statements as of reporting date.

21 Comparative amounts

Certain amounts for the prior year were reclassified to conform to current year presentation, however such reclassification do not have a impact on the previously reported profit or equity.

