

**SPIC FERTILIZERS AND CHEMICALS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

SPIC FERTILIZERS AND CHEMICALS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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SPIC FERTILIZERS AND CHEMICALS LIMITED  
DIRECTORS' REPORT  
TO THE SHAREHOLDERS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2016.

**PRINCIPAL ACTIVITY**

The company's principal activity is to carry on business of investment in shares, bonds and other securities.

**RESULTS AND DIVIDENDS**

Loss for the financial year ended 31 March 2016 amounted to USD 21,585 (31 March 2015 - USD 7,425).

Spic Fertilizers and Chemicals FZE which was established in Jebel Ali Free Zone on 31 May 1997 has been wound up on 29th February 2016.

The directors do not recommend the payment of a dividend for the year under review.

**DIRECTORS**

The directors of the company as at 31 March 2016 all of whom served on the Board in the respective year, unless indicated otherwise, are listed below:

Mr. Amal Arpun AUTAR (Appointed on 30 June 1998)  
Mr. Rajagopalan KULATHU KAUNDINYAA (Appointed on 22 December 2014)  
Mr. Ganesh MADRAS BALASUBRAMANIAN (Appointed on 22 December 2014)  
Mr. Peter In Kwong SIAW CHOCK CHIONG (Appointed on 06 January 2015)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the company. In preparing those financial statements, the

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITOR**

The auditor, Gaetan WONG TO WING, FCA, has indicated his willingness to continue in office and will be automatically reappointed at the Annual Meeting.

BY ORDER OF THE BOARD  
DIRECTOR

Date: 29 SEP 2016

SPIG FERTILIZERS AND CHEMICALS LIMITED  
SECRETARY'S CERTIFICATE  
TO THE SHAREHOLDERS

We certify that we have filed with the Registrar all such returns, for the year ended 31 March 2016, as are required of the Company under the Companies Act 2001, which came into effect on 01 December 2001.

FOR AND ON BEHALF OF  
MAURITIUS INTERNATIONAL TRUST COMPANY LIMITED  
COMPANY SECRETARY

Date: 29 SEP 2016

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS**

This report is made solely to the shareholders of SPIC FERTILIZERS AND CHEMICALS LIMITED, as a body, in accordance with Section 205 of the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's shareholders those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for my audit work, for this report, or for the opinions I have formed.

**Report on the Financial Statements**

I have audited the financial statements of SPIC FERTILIZERS AND CHEMICALS LIMITED on pages 5 to 15, which comprise the statement of financial position at 31 March 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Directors' responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements on pages 5 to 15 give a true and fair view of the financial position of the Company at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.



SPIC FERTILIZERS AND CHEMICALS LIMITED  
INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

I have no relationship with, or any interest in, the Company other than in my capacity as auditor.

I have obtained all information and explanations I have required.

In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.

Gaetan WONG TO WING, FCA  
CHARTERED ACCOUNTANT  
Licensed by FRC

Date: 12 9 SEP 2016  
Port Louis,  
Republic of Mauritius.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2016**

	Notes	2016 USD	2015 USD
<b>Current Assets</b>			
Other receivables	5	<u>1,274</u>	<u>1,274</u>
<b>TOTAL ASSETS</b>		<u><u>1,274</u></u>	<u><u>1,274</u></u>
<b>FINANCED BY:</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated capital	6	39,073,390	39,073,390
Share application monies		399	399
Accumulated losses		<u>(39,119,275)</u>	<u>(39,097,690)</u>
		<u>(45,486)</u>	<u>(23,901)</u>
<b>Current Liabilities</b>			
Other payables	7	<u>46,760</u>	<u>25,175</u>
<b>Total liabilities</b>		<u>46,760</u>	<u>25,175</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,274</u></u>	<u><u>1,274</u></u>

These financial statements have been approved by the Board of Directors on : 29 SEP 2016

)  
 )  
 ) DIRECTORS  
 )  
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The notes on pages 9 to 15 form part of these financial statements.  
 Auditor's report on pages 3 and 4.

SPIC FERTILIZERS AND CHEMICALS LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 USD	2015 USD
Other income		-	-
Operating expenses		(21,585)	(7,425)
Other operating expenses		-	-
Operating loss for the year	8	(21,585)	(7,425)
Finance costs		-	-
Net loss before tax		(21,585)	(7,425)
Tax	9	-	-
Net loss after tax		(21,585)	(7,425)
Accumulated losses brought forward		(39,105,890)	(39,098,465)
Accumulated losses carried forward		(39,127,475)	(39,105,890)
Loss per share	10	(0.00055)	(0.00019)

The notes on pages 9 to 15 form part of these financial statements.  
Auditor's report on pages 3 and 4.



**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Stated capital USD	Accumulated losses USD	Share application monies USD	Total USD
Balance at 1 April 2014	39,073,390	(39,090,265)	399	( 16,476)
Profit for the year	-	(7,425)	-	(7,425)
Balance at 31 March 2015	<u>39,073,390</u>	<u>(39,097,690)</u>	<u>399</u>	<u>( 23,901)</u>
Balance at 1 April 2015	39,073,390	(39,097,690)	399	( 23,901)
Loss for the year	-	(21,585)	-	( 21,585)
Balance at 31 March 2016	<u>39,073,390</u>	<u>(39,119,275)</u>	<u>399</u>	<u>( 45,486)</u>

The notes on pages 9 to 15 form part of these financial statements.  
Auditor's report on pages 3 and 4.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 USD	2015 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year		(21,585)	(7,425)
<b>LOSS BEFORE WORKING CAPITAL CHANGES</b>			
Increase in other payables		21,585	7,425
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>A</b>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term loan from third parties			-
Provision		-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>B</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B)</b>	<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 9 to 15 form part of these financial statements.  
Auditor's report on pages 3 and 4.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 INCORPORATION**

**SPIC FERTILIZERS AND CHEMICALS LIMITED** is a Category 1 Global Business Licence company incorporated on 30 June 1998 in Mauritius and is governed by the Financial Services Act 2007.

**2 NATURE OF ACTIVITIES**

The main object of the company is to carry on business of investment in shares, bonds and other securities.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The separate financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention and on a going concern basis.

No consolidated accounts have been prepared since Spic Fertilizers and Chemical FZE, the subsidiary company, a free zone establishment incorporated in Dubai, has been wound up following board of directors resolution dated 29 February 2016.

The subsidiary company has wound up due to:

- Spic Fertilizers and Chemical FZE which was established in Jebel Ali Free Zone on 31 May 1997 as a free zone establishment in Jebel Ali free zone Authority (JAFZA), was forced to suspend its activities during the year March 2000.
- Subsequent to May 2010, the establishment and JAFZA executed a letter of understanding by which the dues payable to JAFZA were adjusted against the establishment, assigning all the rights of the plant and machinery stored in Jebel Ali Free Zone in favour of JAFZA. The understanding also facilitated the establishment to exit the Jebel Ali Free Zone without any further lien or obligation by May 2010.
- Thus, as per board resolution dated 22 April 2015, it was resolved to write off the investment entirely to reflect the fact that the subsidiary was forced to cease its activities of developing a facility to manufacture ammonia/urea fertilizers in Jebel Ali Free Zone in Dubai. The subsidiary has written off all its capital work in progress and certain of its liabilities.
- As on date of winding up 29 February 2016, the subsidiary company has no dues to their governing licensing authority which is JAFZA and considering the fact that there is no subsequent renewal of its license with JAFZA. Thus Spic Fertilizers and Chemical FZE had complied with requirements of JAFZA and JAFZA has fully relieved the subsidiary in its letter of understanding.

***Amendments to published Standards and Interpretations effective***

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Company's financial statements.

***Annual Improvements 2010-2012 Cycle***

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the Company's financial statements.



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SPIC FERTILIZERS AND CHEMICALS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of preparation (cont'd)**

*Amendments to published Standards and Interpretations effective in the reporting period*

*Annual Improvements 2010-2012 Cycle (cont'd)*

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial Instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. The amendment has no impact on the Company's financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgments made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment has no impact on the Company's financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Company's financial statements.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the Company's financial statements.

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the Company's financial statements.

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. The amendment has no impact on the Company's financial statements.

*Annual Improvements 2011-2013 Cycle*

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Company's financial statements, since the Company is an existing IFRS preparer.

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the Company's financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Company's financial statements.

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the Company's financial statements.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of preparation (cont'd)**

*Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2016 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

There were no major estimates and assumptions made during the year that have a significant risk of causing material adjustment to the carrying amounts of the Company's assets and liabilities within the next financial year.

**(b) Income and expenditure**

Income and expenditure are accounted for on an accrual basis.

**(c) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.



SPIC FERTILIZERS AND CHEMICALS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Foreign currency translation (cont'd)**

**(ii) Transactions and balances**

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into USD at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of transaction. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

**(d) Other receivables**

Other receivables are stated at cost less impairment losses.

**(e) Other payables**

Other payables are stated at cost.

**(f) Borrowings**

Borrowings are recognised at cost since they do not have any fixed terms of repayment.

**(g) Financial instruments**

Financial instruments carried on the statement of financial position include cash in hand, other receivables, borrowings and other payables. The particular recognition methods are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in note 12.

**(h) Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice-versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

**(i) Provisions**

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

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these accounts, management may make estimates and judgments that affect the reported amounts of assets and liabilities within the next financial year. Where estimates or judgments are made, such estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the financial year, there are no significant estimates or judgments 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 year.



**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**5. OTHER RECEIVABLES**

	2016 USD	2015 USD
Prepayments	<u>1,274</u>	<u>1,274</u>

**6. STATED CAPITAL**

**Authorised**

64,400,000 ordinary shares of USD 1 each	<u>64,000,000</u>	<u>64,000,000</u>
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**Issued and fully paid**

39,073,390 ordinary shares of USD 1 each	<u>39,073,390</u>	<u>39,073,390</u>
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**7. OTHER PAYABLES**

	2016 USD	2015 USD
Accruals	2,000	13,325
Borrowings	<u>44,760</u>	<u>11,850</u>
	<u>46,760</u>	<u>25,175</u>

The loan is unsecured, interest-free and repayable on demand.

**8. OPERATING LOSS FOR THE YEAR**

	2016 USD	2015 USD
<b>Operating loss is arrived at after charging:-</b>		
Licence and registration fees	2,050	2,050
Administration fees	2,975	2,375
Penalty charges	14,560	-
Audit and accountancy fees	<u>2,000</u>	<u>3,000</u>

**9. TAX**

The Company has been established as a Category 1 Global Business Licence Company under the Financial Services Act 2007 and is taxable at the rate of 15%. However, at 31 March 2016, no provision for tax has been made in the accounts due to the availability of tax losses.

**SPIC FERTILIZERS AND CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**10. LOSS PER SHARE**

	2016 USD	2015 USD
Loss per share is based on:		
Loss attributable to shareholders	<u>(21,585)</u>	<u>(7,425)</u>
Number of shares issued	<u>39,073,390</u>	<u>39,073,390</u>
Loss per share	<u>(0.00055)</u>	<u>(0.00019)</u>

**11. RELATED PARTY TRANSACTIONS**

During the year under review, the Company entered into the following related party transactions.

<i>Balance:</i>	Nature of relationship	2016 USD	2015 USD
Loan from related party	Shareholder	<u>44,760</u>	<u>11,850</u>

**12. FINANCIAL INSTRUMENTS**

*Fair value*

The Company's other assets and liabilities include cash at bank and other payables, which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

*Financial risk factors*

The Company's activities expose it to a variety of financial risks that are associated with the financial instruments in which it invests and markets in which it operates. The following is a summary of the main risks:

*Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

*Currency risk*

The Company's financial assets and liabilities are all denominated in United States Dollars and as such the currency profile of the Company represents only financial assets and liabilities in its functional currency. Consequently, the Company has no exposure to foreign currency risk.

SPIO FERTILIZERS AND CHEMICALS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

12. FINANCIAL INSTRUMENTS (CONT'D)

*Credit risk*

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

*Capital risk management*

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company depends on the financial support of its shareholders to continue as a going concern.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is Southern Petrochemical Industries Corporation Limited, a company incorporated in India.