

SPIC FERTILIZERS AND CHEMICALS FZE
(under winding up)

Financial statements and independent auditor's report
Period ended 29 February 2016

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INDEPENDENT AUDITOR'S REPORT

The Shareholder

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

Report on the financial statements

We have audited the accompanying financial statements of **SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)**, which comprise the statement of financial position as at 29 February 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information set out on pages 3 to 14.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give true and fair view 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 qualified audit opinion.

continued...

INDEPENDENT AUDITOR'S REPORT
(continued)

Basis for qualified opinion

Bank borrowings, project creditors and other payables and related party payables as stated in notes 7, 8 and 9 respectively, to these financial statements are not confirmed and are subject to reconciliations. These financial statements do not include the impact of adjustments, if any, which may arise out of the confirmation and reconciliation process. The impact of such adjustments, if any, is currently not ascertainable.

Qualified opinion

In our opinion, except for any adjustments that we may have found to be necessary had we been able to satisfy ourselves with respect to the matter described in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of **SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)** as at 29 February 2016, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without further qualifying our opinion, we draw attention to note 1 (d) to the financial statements, which states that the board of directors of Southern Petrochemical Industries Corporation Limited, India in their meeting held on 6 November 2015 have resolved to wind up the establishment. Thereafter, the board of directors of the establishment have resolved on 26 February 2016 that the establishment be wound up on 29 February 2016. Accordingly, these financial statements have been prepared on a liquidation basis.

Report on other legal and regulatory requirements

We confirm that the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

PKF
Dubai
United Arab Emirates
8 June 2016

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

	Note	29.2.2016 AED	31.3.2015 AED
Assets		--	--
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	5	1,000,000	1,000,000
Accumulated losses		(151,725,864)	(151,749,864)
Deficit in equity funds		(150,725,864)	(150,749,864)
Advance against additional capital	6	150,695,864	150,695,864
Total shareholder's funds		(30,000)	(54,000)
Liabilities			
Bank borrowings	7	--	--
Project creditors and other payables	8	30,000	54,000
Amounts due to related parties	9	--	--
Total liabilities		30,000	54,000
Total equity and liabilities		--	--

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

I confirm that I am responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

Authorised for issue by the director on 1 June 2016.

For **SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)**

DIRECTOR

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Note	1.4.2015 to 29.2.2016 AED	1.4.2014 to 31.3.2015 AED
Revenue		--	--
Other operating income	10	54,000	--
Other operating expenses	11	(30,000)	(18,000)
PROFIT/(LOSS) FOR THE PERIOD/YEAR		<u>24,000</u>	<u>(18,000)</u>
Other comprehensive income:			
Other comprehensive income for the period/year		<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		<u>24,000</u>	<u>(18,000)</u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Share capital	Accumulated losses	Total
	AED	AED	AED
Balance at 1 April 2014	1,000,000	(151,731,864)	(150,731,864)
Total comprehensive income for the year	--	(18,000)	(18,000)
Balance at 31 March 2015	1,000,000	(151,749,864)	(150,749,864)
Total comprehensive income for the period	--	24,000	24,000
Balance at 29 February 2016	<u>1,000,000</u>	<u>(151,725,864)</u>	<u>(150,725,864)</u>

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

The report of the independent auditor is set forth on pages 1 and 2.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	1.4.2015 to 29.2.2016 AED	1.4.2014 to 31.3.2015 AED
Cash flows from operating activities		
Profit/(loss) for the period/year	24,000	(18,000)
Adjustments for:		
(Decrease)/increase in trade and other payables	(24,000)	18,000
Net cash used in operating activities	--	--
Cash flows from investing activities	--	--
Cash flows from financing activities	--	--
Net increase in cash and cash equivalents	--	--
Cash and cash equivalents at beginning of year	--	--
Cash and cash equivalents at end of period/year	--	--

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)** is a free zone establishment registered in the Jebel Ali Free Zone pursuant to Law No. 9 of 1992 of late H.H. Shaikh Maktoum Bin Rashid Al Maktoum, the former Ruler of Dubai, United Arab Emirates. The registered office is P.O.Box 16839, Dubai, UAE. The establishment was registered on 31 May 1997.

The establishment is beneficially owned by Southern Petrochemical Industries Corporation Limited, India and Emirates Trading Agency LLC, Dubai who are the joint venturers in the project. A detailed joint venture agreement has been entered into between the joint venturers on 30 March 2000, whereby they have agreed to hold 85% and 15% shares respectively in the parent company Spic Fertilizers and Chemicals Limited, Mauritius which is the registered shareholder in the establishment.

- b) The establishment was developing a facility to manufacture ammonia/urea fertilisers in the Jebel Ali Free Zone, with natural gas as its feed stock. A plot of 240,000 sq.mtrs has been leased from the Jebel Ali Free Zone Authority (JAFZA) for fifteen years with a renewable option for a similar period.

The establishment was forced to suspend its activities during March 2000, after the Government of Dubai expressed its inability to enter into a long term agreement for supply of gas for its project. The plant and machinery continued to be kept in Jebel Ali Free Zone and at Ras Al Khaimah (RAK) Port till May 2010.

The establishment's commercial license issued by Jebel Ali Free Zone Authority has expired on December 2009 and the establishment has not renewed it since then.

- c) Subsequent to May 2010, the establishment and JAFZA executed a letter of understanding by which the dues payable to JAFZA will be 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 facilitates the establishment to exit the Jebel Ali Free Zone without any further lien or obligation by May 2010.

The RAK port authorities sent a demand notice to the establishment towards storage and penalty charges for part of the plant and machinery stored at the port. The RAK port authorities allowed the establishment a waiver of their charges after payment of storage charges till December 2010, after which the establishment vacated the premises on sale of the stored plant and machinery.

Based on the above, the management vide its resolution dated 27 August 2013 has decided to write off all of its capital work in progress of AED 509,977,748 and its current assets of AED 66,199. Also, the management has agreed to write back certain liabilities (including those of related parties) of AED 197,407,249, during the year ended 31 March 2010.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

Also, the management has decided to write back certain accruals, related party balances and trade and other payables amounting to AED 161,059,032, during the year ended 31 March 2014.

- d) The board of directors of Southern Petrochemical Industries Corporation Limited, India in their meeting held on 6 November 2015 have resolved to wind up the establishment. Thereafter, the board of directors of the establishment have resolved on 26 February 2016 that the establishment be wound up on 29 February 2016.
- e) The parent company is SPIC Fertilizers and Chemicals Limited, Mauritius.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 April 2014 and the requirements of the law of Jebel Ali Free Zone.

b) Basis of measurement

The financial statements are prepared under liquidation basis as the board of directors of Southern Petrochemical Industries Corporation Limited, India in their meeting held on 6 November 2015 have resolved to wind up the establishment. Thereafter, the board of directors of the establishment have resolved on 26 February 2016 that the establishment be wound up on 29 February 2016. Accordingly, the assets are stated at net realisable value while liabilities are stated at the amounts at which they are expected to be discharged.

c) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current period

In the opinion of management, there are no IFRSs or IFRIC interpretations that are effective for the first time for the current reporting period and which are applicable to the establishment and which could have a material impact on the financial statements.

New and revised IFRSs in issue but not yet effective

In the opinion of the management, none of these IFRSs or interpretation would have any significant effect on the financial statement of the establishment.

d) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the establishment's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

a) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

b) **Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow 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, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

c) **Financial instruments**

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

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the establishment.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

d) **Fair value measurement**

The establishment discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

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

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

	29.2.2016 AED	31.3.2015 AED
5. SHARE CAPITAL		
Authorised, issued and paid up		
1 share of AED 1,000,000 each	1,000,000	1,000,000
6. ADVANCE AGAINST ADDITIONAL CAPITAL		
This represents the advance share capital of the establishment contributed by the joint venturers of the parent company up to the period ended 29 February 2016 {refer note 1(a)}.		
7. BANK BORROWINGS		
During the year ended 31 March 2011, short term loan from Mashreq Bank of AED 11,079,500 has been settled by a related party on behalf of the establishment. Bank borrowings are subject to confirmation and reconciliation. The management believes there would not be any material changes, as such borrowings are settled by a related party.		
8. PROJECT CREDITORS AND OTHER PAYABLES		
Short term loan from third parties ^(a)	--	--
Payable to a related party ^(b)	--	--
Accruals	30,000	54,000
	<u>30,000</u>	<u>54,000</u>

(a) This represented an interest-free short-term loan obtained from third parties without any fixed repayment schedule.

(b) This represented balance initially payable to M/s. MCN Energy Enterprises Inc., USA, which was later assigned to a related party vide a Settlement Agreement dated 6 April 2004.

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

As stated in note 1(c), the establishment has written back certain liabilities amounting to AED 101,027,780 during the year ended 31 March 2014.

Project creditors and other payables and amounts due to related parties are subject to confirmation and reconciliation. The management believes that there would not be any material changes.

9. RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management.

Related parties comprise the shareholder, which is the parent company, joint ventures of the parent company and fellow subsidiaries of the joint ventures of the parent company.

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

	Joint venturers of the parent company AED	Total 29.2.2016 AED	Total 31.3.2015 AED
Due to related parties ^(a)	--	--	--
Advance against additional capital	150,695,864	150,695,864	150,695,864

- (a) As stated in note 1(c), the establishment has written back certain related party balances amounting to AED 60,027,190 during the year ended 31 March 2014.

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 13.

The establishment also receives fund from related parties as working capital facilities at agreed rate of interest.

10. OTHER OPERATING INCOME

Provision no longer required written back

1.4.2015 to 29.2.2016 AED	1.4.2014 to 31.3.2015 AED
54,000	--

SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2016

	1.4.2015 to 29.2.2016 AED	1.4.2014 to 31.3.2015 AED
11. OTHER OPERATING EXPENSES		
Other expenses	30,000	18,000

12. **MANAGEMENT OF CAPITAL**

The establishment's objectives when managing capital are to ensure that the establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed. However, during the period the board of directors of Southern Petrochemical Industries Corporation Limited, India have resolved to wind up the establishment.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with amounts due to related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The establishment is subject to externally imposed capital requirements as per Implementing Regulations of Jebel Ali Free Zone Authority.

Funds are retained/drawn by the shareholder to ensure that the objective is met.

13. **FINANCIAL INSTRUMENTS**

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At amortised cost	
	29.2.2016	31.3.2015	29.2.2016	31.3.2015
	AED	AED	AED	AED
Project creditors and other payables	--	--	30,000	54,000

Management of risks

As a result of the establishment's liquidation, the establishment is not exposed to any credit, currency and interest rate risks. Liquidity risk is limited by ensuring sufficient funds are available from the shareholder to discharge the establishment's liabilities as and when they fall due.

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 FEBRUARY 2016

14 **COMPARATIVE FIGURES**

The current period's financial statements are prepared for a period of eleven months (from 1 April 2015 to 29 February 2016) under liquidation basis as there are no activities and the board of directors of Southern Petrochemical Industries Corporation Limited, India in their meeting held on 6 November 2015 have resolved to wind up the establishment. Thereafter, the board of directors of the establishment have resolved on 26 February 2016 that the establishment be wound up on 29 February 2016 [Refer Note1(d)]. Hence these are not strictly comparable with that of previous period which are prepared for a period of twelve months (from 1 April 2014 to 31 March 2015).

For SPIC FERTILIZERS AND CHEMICALS FZE (under winding up)

DIRECTOR