

SPIC FERTILIZERS AND CHEMICALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

SPIC FERTILIZERS AND CHEMICALS LIMITED

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FOR THE YEAR ENDED 31 MARCH 2015

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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 Group and of the company for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

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

The wholly-owned subsidiary's principal activity is to develop a facility to manufacture ammonia/urea fertilizers in the Jebel Ali Free Zone, Dubai.

RESULTS AND DIVIDENDS

The Group's loss for the financial year ended 31 March 2015 amounted to USD 12,330 and that of the Company's loss amounted to USD 7,425 (31 March 2014 - Group's profit USD 43,983,343 and Company's profit USD 107,857).

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 2015 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 KULATHA 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)
- Mr. Arumugam SANTHANAKRISHNAN (Resigned on 20 November 2014)
- Mr. Muthiah THIRUNAVUKKARASU (Resigned on 20 November 2014)
- Mr. K.C. LI KWONG WING (Resigned 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 Group and company. In preparing those financial statements, the directors are required to:

- 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 departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Group and 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, ACA, has indicated his willingness to continue in office and will be automatically reappointed at the Annual Meeting.

BY ORDER OF THE BOARD
DIRECTOR

Date: 16 OCT 2015

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SPIC 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 2015, 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: 16 OCT 2015

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 consolidated financial statements of SPIC FERTILIZERS AND CHEMICALS LIMITED on pages 5 to 14, which comprise the statement of financial position at 31 March 2015 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

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

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

Basis for qualified opinion

I draw your attention that, due to the financial impact of events described in note 2 to these consolidated financial statements, the group and the Company have accumulated a net deficit in equity funds of USD 38,614 and USD 23,901 respectively. Consequently, the ultimate holding company intends to wind up the Company. However, these consolidated financial statements have been prepared on the going concern basis pending the completion of legal procedures and the settlement of outstanding liabilities. Should the going concern be inappropriate, there would be material adjustments required to the reclassification and carrying amount of assets and liabilities as disclosed in these consolidated financial statements. The impacts of such adjustments, if any, is currently not ascertainable.

Opinion

In my opinion, the financial statements on pages 5 to 14 give a true and fair view of the financial position of the Group and the Company at 31 March 2015, 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.

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, ACA
CHARTERED ACCOUNTANT

Date: 16 Oct 2015
Port Louis,
Republic of Mauritius.

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SPIC FERTILIZERS AND CHEMICALS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

	Notes	THE GROUP		THE COMPANY	
		2015 USD	2014 USD	2015 USD	2014 USD
Current Assets					
Trade and other receivables	5	1,274	1,274	1,274	1,274
TOTAL ASSETS		<u>1,274</u>	<u>1,274</u>	<u>1,274</u>	<u>1,274</u>
FINANCED BY:					
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	6	39,073,390	39,073,390	39,073,390	39,073,390
Share application monies		399	399	399	399
Advance against additional capital of subsidiary		2,260,283	2,260,283	-	-
Accumulated losses		(41,372,686)	(41,360,356)	(39,097,690)	(39,090,265)
		<u>(38,614)</u>	<u>(26,284)</u>	<u>(23,901)</u>	<u>(16,476)</u>
Non-Current Liabilities					
Provisions	7	-	-	-	-
Current Liabilities					
Trade and other payables	8	39,888	27,558	25,175	17,760
Due to related parties	9	-	-	-	-
		<u>39,888</u>	<u>27,558</u>	<u>25,175</u>	<u>17,760</u>
TOTAL EQUITY AND LIABILITIES		<u>1,274</u>	<u>1,274</u>	<u>1,274</u>	<u>1,274</u>

These financial statements have been approved by the Board of Directors on: 11 6 OCT 2015

DIRECTOR

DIRECTOR

Notes on pages 9 to 14 form part of these financial statements

SPIC FERTILIZERS AND CHEMICALS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	THE GROUP		THE COMPANY	
		2015 USD	2014 USD	2015 USD	2014 USD
Other income		-	44,004,478	-	1 19,183
Operating expenses		(7,425)	(11,326)	(7,425)	(11,326)
Other operating expenses		(4,905)	(9,809)	-	-
Operating (loss)/profit for the year	10	(12,330)	43,983,343	(7,425)	1 07,857
Finance costs		-	-	-	-
Net (loss)/profit before tax		(12,330)	43,983,343	(7,425)	1 07,857
Tax	11	-	-	-	-
Net (loss)/profit after tax		(12,330)	43,983,343	(7,425)	1 07,857
Accumulated losses brought forward		(41,360,356)	(85,343,699)	(39,098,465)	(39,206,322)
Accumulated losses carried forward		(41,372,686)	(41,360,356)	(39,105,890)	(39,098,465)
(Loss)/profit per share	12	(0.00032)	1.12566	(0.00019)	0.00276

Notes on pages 9 to 14 form part of these financial statements.

SPIC FERTILIZERS AND CHEMICALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital USD	Accumulated losses USD	Share application monies USD	Total USD
THE GROUP				
Balance at 1 April 2013	39,073,390	(85,343,699)	2,260,682	(44,009,627)
Profit for the year	-	43,983,343	-	43,983,343
Balance at 31 March 2014	<u>39,073,390</u>	<u>(41,360,356)</u>	<u>2,260,682</u>	<u>(26,284)</u>
Balance at 1 April 2014	39,073,390	(41,360,356)	2,260,682	(26,284)
Loss for the year	-	(12,330)	-	(12,330)
Balance at 31 March 2015	<u>39,073,390</u>	<u>(41,372,686)</u>	<u>2,260,682</u>	<u>(38,614)</u>
THE COMPANY				
Balance at 1 April 2013	39,073,390	(39,198,122)	399	(124,333)
Profit for the year	-	107,857	-	107,857
Balance at 31 March 2014	<u>39,073,390</u>	<u>(39,090,265)</u>	<u>399</u>	<u>(16,476)</u>
Balance at 1 April 2014	39,073,390	(39,090,265)	399	(16,476)
Loss 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>

Notes on pages 9 to 14 form part of these financial statements.

SPIC FERTILIZERS AND CHEMICALS LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	THE GROUP		THE COMPANY	
		2015 USD	2014 USD	2015 USD	2014 USD
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss)/ profit for the year		(12,330)	43,864,160	(7,425)	107,857
PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		(12,330)	43,864,160	(7,425)	107,857
Decrease in trade and other receivables		-	(974)	-	(974)
Increase/(decrease) in accruals		12,330	(27,505,897)	7,425	(106,889)
NET CASH FLOW FROM OPERATING ACTIVITIES	A	-	16,357,289	-	-
CASH FLOW FROM FINANCING ACTIVITIES					
Short term loan from third parties		-	(16,356,182)	-	-
Provision		-	(1,107)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	B	-	(16,357,289)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(A+B)	-	-	-	-
Cash and cash equivalents at beginning of year		-	-	-	-
Cash and cash equivalents at end of year		-	-	-	-

Notes on pages 9 to 14 form part of these financial statements.

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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.

Following a 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 fertilisers in Jebel Ali Free Zone in Dubai. As a result, the subsidiary has written off all its capital work in progress and certain of its liabilities in the year ended 31 March 2013.

3. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are as follows:

(a) Reporting currency

The financial statements are presented in United States of America Dollars (USD).

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis and in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of SPIC Fertilizers and Chemicals Limited and its wholly-owned subsidiary at 31 March 2015.

The consolidated statement of financial position includes all assets and liabilities of its subsidiary. All intercompany accounts and transactions are eliminated on consolidation.

(d) Income and expenditure recognition

Income and expenditure are accounted for on an accrual basis.

(e) Investments

Investments have been valued at cost and are converted into USD at the rate of exchange ruling at the date of purchase. The carrying value is maintained unless the directors are of opinion that there has been a permanent diminution in value of investments.

(f) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Depreciation is calculated on straight line basis to write off the cost of each asset over their expected useful lives.

The cost of furniture, fixtures and office equipment less estimated residual value, where material, is depreciated using the straight line method over their estimated useful lives of four years.

Capital work in progress represents the cost of factory buildings under construction and the fertiliser complex under installation. The costs would be transferred to the relevant assets once completed and depreciation would be provided from the date the relevant assets are put to use.

An assessment of residual values is undertaken at each balance sheet date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3. ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currency transactions

Transactions in foreign currencies are translated into USD at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into USD at the rate of exchange ruling at the balance sheet date. Resulting profit or loss is taken to the Income Statement.

The accounts of the subsidiary were translated from U.A.E. Dirhams to USD for consolidation purposes at the fixed rate between the two currencies.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash, bank current accounts, bank deposits and highly liquid investments.

(i) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date it is ready for use.

(j) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the company 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 risks and rewards of ownership have been transferred.

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

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise receivables are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in the income statement.

Current financial liabilities, which comprise current bank borrowings, project creditors and other payables and related party payables, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

(k) Adoption of new International

Standards and interpretations effective for the current year

The following International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the establishment are as follows:

- **Amendments to IAS 32: Offsetting Financial Assets and financial Liabilities**

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- **IFRS 13: Fair value measurement. Short-term receivables and payables**

The amendment to IFRS 13 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. This amendment to IFRS 13 has no impact on the establishment.

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3. ACCOUNTING POLICIES (CONTINUED)

(k) Adoption of new International Financial Reporting Standards (continued)

- Annual Improvements 2011-2014 Cycle (1 July 2015)
 - IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment to IFRS clarifies 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. This amendment to IFRS 1 has no impact on the establishment, since the establishment is an existing IFRS preparer.

- IFRS 9: Financial instruments: (1 January 2018)

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

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.

5. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	USD	USD	USD	USD
Prepayments	1,274	1,274	1,274	1,274

6. STATED CAPITAL

Authorised				
64,000,000 ordinary shares of USD 1 each	64,000,000	64,000,000	64,000,000	64,000,000
Issued and fully paid				
39,073,390 ordinary shares of USD 1 each	39,073,390	39,073,390	39,073,390	39,073,390

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

7. PROVISIONS	THE GROUP		THE COMPANY	
	2015 USD	2014 USD	2015 USD	2014 USD
Staff end-of-service gratuity	-	1,107	-	-
Written back	-	(1,107)	-	-
At 31 March	-	-	-	-

The provision is made for end-of-service gratuity payable to the staff at the reporting date in accordance with the labour laws.

8. TRADE AND OTHER PAYABLES	THE GROUP		THE COMPANY	
	2015 USD	2014 USD	2015 USD	2014 USD
Accruals	28,038	27,558	13,325	17,750
*Short term loan from third parties	11,850	-	11,850	-
**Payable to a related party	-	-	-	-
	<u>39,888</u>	<u>27,558</u>	<u>25,175</u>	<u>17,750</u>

* This represents an interest-free short term loan obtained from a third party without any fixed repayment schedule.

** This represents 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.

9. RELATED PARTIES

The company enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24 - Related Party Disclosures. The directors consider such transactions to be in the normal course of business and at terms which correspond to those on normal arm's length transactions with third parties.

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

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

	THE GROUP		THE COMPANY	
	2015 USD	2014 USD	2015 USD	2014 USD
Included in Project Creditors				
- Due to fellow subsidiaries of joint venturers of the parent company	-	-	-	-
Amounts due to related parties				
- Due to joint venturers of the parent company	-	-	-	-

All balances are unsecured and are expected to be settled in cash.

The subsidiary receives funds from related parties as and when required as working capital facilities at agreed rates of interest.

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. OPERATING PROFIT/(LOSS) FOR THE YEAR	THE GROUP		THE COMPANY	
	2015 USD	2014 USD	2015 USD	2014 USD
Operating profit is arrived at after crediting:-				
Loan waived		119,183		119,183
Amounts written back	-	43,885,295	-	-
	-	44,004,478	-	119,183
and charging:-				
Licence and registration fees	2,050	2,050	2,050	2,050
Administration fees	2,375	5,376	2,375	5,376
Penalty charges	-	900	-	900
Audit and accountancy fees	3,000	3,000	3,000	3,000
Other operating expenses	4,905	9,809	-	-

11. TAX

(a) Parent company

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 2015, no provision for tax has been made in the accounts due to the availability of tax losses.

(b) Subsidiary company

The subsidiary company has not made any provision for tax as at 31 March 2015, as no business operation was undertaken.

12. (LOSS)/PROFIT PER SHARE	THE GROUP		THE COMPANY	
	2015 USD	2014 USD	2015 USD	2014 USD
THE GROUP AND THE COMPANY				
(Loss)/Profit per share is based on:				
(Loss)/profit attributable to shareholders	(12,330)	43,983,343	(7,425)	107,857
Number of shares issued	39,073,390	39,073,390	39,073,390	39,073,390
(Loss)/Profit per share	(0.00032)	1.12566	(0.00019)	0.00276

13. FINANCIAL INSTRUMENTS

The company conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

Exposure to the significant risks are as follows:

SPIC FERTILIZERS AND CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

13. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk

Financial assets which potentially expose the group to concentrations of credit risk comprise principally bank current accounts.

The bank current accounts are placed with high credit quality financial institutions.

(b) Interest rate risk

Funding by related parties is at agreed rates of interest. Interest on the short term bank loan is at a floating rate of interest linked to LIBOR.

(c) Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities of the subsidiary are denominated in U.A.E. Dirhams or USD to which the Dirham is fixed.

(d) Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable willing parties in an arm's length transaction.

The carrying amount of trade and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and amounts due to related parties approximate their fair values.

(e) 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.

14. ULTIMATE HOLDING COMPANY

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

15. COMPARATIVE FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary so as to conform with the presentation adopted in the current year.