

CHEMHUB TRADING DMCC

Financial Statements

31 March 2016

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CHEMHUB TRADING DMCC

Director's Report

The director submits his report and financial statements for the year ended 31 March 2016.

Results and dividend

Loss for the year amounted to US \$ 290,187/-. In view of losses, no dividend is proposed.

Review of the business

The company is registered to trade in basic industrial chemicals.

Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

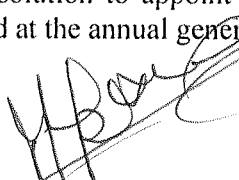
Shareholder and its interest

The shareholder at 31 March 2016 and its interest as at that date in the share capital of the company was as follows:

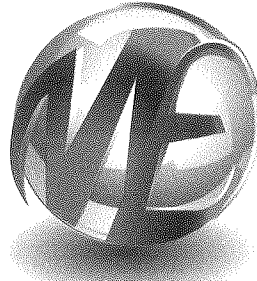
	<i>Country of Incorporation</i>	<i>No. of shares</i>	<i>US \$</i>
Kiri Industries Limited (200 shares of AED 1,000 each converted @ 3.67)	India	<u>200</u>	<u>54,495</u>

Auditors

A resolution to appoint / re-appoint the auditors and fix their remuneration will be put to the board at the annual general meeting.



Mr. Manishkumar Pravinchandra Kiri
Director



Independent Auditors' Report to the Shareholder of CHEMHUB TRADING DMCC

Report on the Financial Statements

We have audited the accompanying financial statements of CHEMHUB TRADING DMCC, which comprise of the statement of financial position as of 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and 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. 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 circumstance.

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 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 auditors' judgment, including the assessment of the risk 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 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of CHEMHUB TRADING DMCC as of 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter:

Without qualifying our audit opinion, we draw attention to note 2(a) to the financial statements, which states that these financial statements have been prepared on a going concern basis. However, there is a deficiency in the total equity of the company amounting to US \$ 773,539/- arising out of losses of current and preceding years.

The company incurred gross loss for the trade transactions carried out during the year.

The continuance of the business as a going concern is dependent upon the company's ability to generate positive cash flows and the continuous financial support from the shareholder till such time the company generates positive cash flows

Middle East Auditing
For Middle East Auditing
Chartered Accountants
Dubai, U.A.E.
26 May 2016

الشرق الاوسط لتدقيق الحسابات
MIDDLE EAST AUDITING
P.O. Box : 30380 , Dubai - U.A.E

**CHEMHUB TRADING DMCC****Statement of Financial Position***At 31 March 2016*

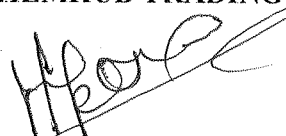
	<i>Notes</i>	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
ASSETS			
Current assets			
Inventory	6	624,926	567,840
Trade and other receivables	7	498,329	55,213
Prepayments		4,859	-
Cash and cash equivalents	8	530,518	11,431
Total current assets		<u>1,658,632</u>	<u>634,484</u>
TOTAL ASSETS		<u>1,658,632</u>	<u>634,484</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	54,495	54,495
Accumulated losses		(850,551)	(560,364)
Equity fund		(796,056)	(505,869)
Share application money	10	22,517	22,517
Total equity		<u>(773,539)</u>	<u>(483,352)</u>
Current liabilities			
Trade and other payables	11, 14	2,432,171	1,117,836
TOTAL EQUITY AND LIABILITIES		<u>1,658,632</u>	<u>634,484</u>

The accompanying notes 1 to 17 form an integral part of these financial statements.

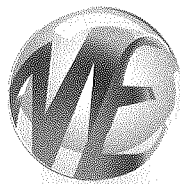
The Independent Auditors' Report is set forth on page 2.

*Approved by board of directors of the shareholder company on 26 May 2016
and signed on its behalf by:*

For CHEMHUB TRADING DMCC



Mr. Manishkumar Pravinchandra Kiri
Director

**CHEMHUB TRADING DMCC****Statement of Comprehensive Income**
for the year ended 31 March 2016

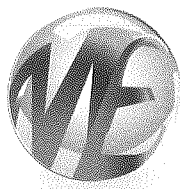
	<i>Notes</i>	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
Revenue		2,561,241	15,364
Cost of revenue	12, 14	<u>(2,761,124)</u>	<u>(15,149)</u>
Gross (loss) / profit		(199,883)	215
Expenses	13	<u>(90,304)</u>	<u>(277,106)</u>
Loss for the year		(290,187)	(276,891)
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>(290,187)</u>	<u>(276,891)</u>

The accompanying notes 1 to 17 form an integral part of these financial statements.

**CHEMHUB TRADING DMCC****Statement of Changes in Equity**
for the year ended 31 March 2016

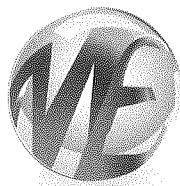
	<i>Share capital US \$</i>	<i>Accumulated losses US \$</i>	<i>Share application money US \$</i>	<i>Total US \$</i>
As at 31 March 2014	54,495	(283,473)	22,517	(206,461)
Loss for the year	-	(276,891)	-	(276,891)
As at 31 March 2015	54,495	(560,364)	22,517	(483,352)
Loss for the year	-	(290,187)	-	(290,187)
As at 31 March 2016	<u>54,495</u>	<u>(850,551)</u>	<u>22,517</u>	<u>(773,539)</u>

The accompanying notes 1 to 17 form an integral part of these financial statements.

**CHEMHUB TRADING DMCC****Statement of Cash Flows**
for the year ended 31 March 2016

	<i>Note</i>	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
<u>Cash flows from operating activities</u>			
Operating loss before working capital changes		(290,187)	(276,891)
Changes in inventory		(57,086)	243,360
Changes in trade and other receivables		(443,116)	19,602
Changes in prepayments		(4,859)	-
Changes in trade and other payables		<u>1,314,335</u>	<u>13,450</u>
Net cash flows from / (used in) operating activities		<u>519,087</u>	<u>(479)</u>
<u>Cash flows from investing activities</u>		<u>-</u>	<u>-</u>
<u>Cash flows from financing activities</u>		<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents		519,087	(479)
Cash and cash equivalents at the beginning of the year		<u>11,431</u>	<u>11,910</u>
Cash and cash equivalents at the end of the year	7	<u>530,518</u>	<u>11,431</u>

The accompanying notes 1 to 17 form an integral part of these financial statements.



CHEMHUB TRADING DMCC

(Incorporated in the Dubai Multi Commodities Centre)

(Registration no. DMCC3215)

Notes to the Financial Statements *for the year ended 31 March 2016*

1. Legal status and business activity

- a) **CHEMHUB TRADING DMCC** ("The Company") is a free zone limited liability company registered in the Dubai Multi Commodities Centre under trading license No. DMCC-32231 issued on 29th April 2012.
- b) The company is registered to trade in basic industrial chemicals.

2. Basis of preparation

a) Going concern

These financial statements have been prepared on a going concern basis, which assume that the company will continue to operate as a going concern for a foreseeable future. However, there is a deficiency in the total equity of the company amounting to US \$ 773,539/- arising out of losses of current and preceding years.

The company incurred gross loss for the trade transactions carried out during the year.

The continuance of the business as a going concern is dependent upon the company's ability to generate positive cash flows and the continuous financial support from the shareholder till such time the company generates positive cash flows.

b) 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 January 2015 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016***d) Functional and presentation currency**

The functional currency of the company is U.A.E. Dirhams. These financial statements are presented in United States Dollars (USD), which in the opinion of the management is the most appropriate presentation currency in view of the global presence of the company. U.A.E. Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

3. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

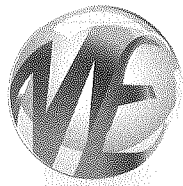
The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

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 statement of comprehensive income 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.

Key sources of estimation uncertainty and assumptions

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

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016****Inventory provision***

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

4. Adoption of new and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that are applicable to the company are as follows:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

There are no significant impacts on adoption of these standards, amendments and interpretations.

Their adoption has resulted in presentation and disclosure changes only.

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016***a) International Financial Reporting Standards issued in 2014 but not effective**

IFRS 9 – Financial Instruments (July 2014 version) – This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2016 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS 14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Summary of significant accounting policies**a) Depreciation of fixed assets**

Minor purchases of fixed assets are depreciated fully in the year of purchase.

b) Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized 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-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets*Non derivative financial assets**Initial recognition and measurement*

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.



CHEMHUB TRADING DMCC

Notes to the Financial Statements for the year ended 31 March 2016

Subsequent measurement

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

During the year, company has non-derivative financial assets in the form of loans and receivables only.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in statement of comprehensive income when the loans and receivables are derecognized or impaired, and through the amortization process.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

c) Inventory

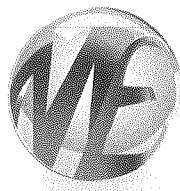
Inventory is valued at lower of cost or net realisable value. Cost comprises of invoice value plus attributable direct expenses. Net realisable value is based on estimated selling price less further cost expected to be incurred for disposal.

d) Trade and other receivables

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016***e) Foreign currency transactions**

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the reporting date.

Resulting gains or losses arising from the foreign currency transactions are taken to the statement of comprehensive income.

f) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

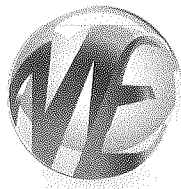
g) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016***h) Trade and other payables**

Liabilities are recognized for amounts to be paid for goods or services received, whether invoiced by the supplier or not.

i) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

j) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

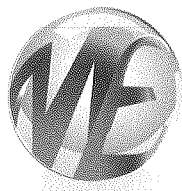
k) Revenue recognition**Sales of goods**

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

- ✦ the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ✦ the company 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 company; and
- ✦ the costs incurred or to be incurred in respect of the transaction can be measured reliably.

l) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash on hand, bank current accounts, 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.

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
for the year ended 31 March 2016

	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
6. Inventory		
Chemicals	868,286	811,200
Provision for slow moving inventory	<u>(243,360)</u>	<u>(243,360)</u>
	<u>624,926</u>	<u>567,840</u>
7. Trade and other receivables		
Trade receivables	547,694	55,213
	<u>(52,690)</u>	-
	495,004	55,213
Deposits	2,929	-
Advances	<u>396</u>	-
	<u>498,329</u>	<u>55,213</u>
8. Cash and cash equivalents		
Bank balance in:		
Current accounts	<u>530,518</u>	<u>11,431</u>
9. Share capital		
200 shares of AED 1,000/- each (converted @ AED 3.67 per US \$ 1)	<u>54,495</u>	<u>54,495</u>
10. Share application money		
This amount represents share application money received from Kiri Industries Limited, sole shareholder of the company. Pending legal formalities the amount continues to be disclosed as share application money.		
	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
11. Trade and other payables		
Trade payables (refer note 14)	1,177,321	1,115,792
Advances from a customer	1,252,797	
Accruals	<u>2,053</u>	<u>2,044</u>
	<u>2,432,171</u>	<u>1,117,836</u>

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**
*for the year ended 31 March 2016***12. Cost of revenue**

Cost of revenue consists of purchase cost of basic industrial chemicals and other related costs (refer note 14).

<i>2016</i>	<i>2015</i>
<u>US \$</u>	<u>US \$</u>

13. Expenses

Staff salaries	11,333	12,527
Rent	8,385	8,921
Provision for doubtful receivables	52,690	-
Provision for slow moving inventory	-	243,360
Bank and related charges	10,417	1,632
Other administrative expenses	<u>7,479</u>	<u>10,666</u>
	<u>90,304</u>	<u>277,106</u>

14. Related party transactions

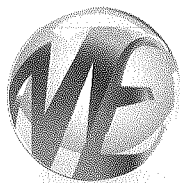
For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The nature and amount of significant related party transactions is as under:

	<i>Shareholder Company</i>	<i>Shareholder Company</i>
	<i>2016</i>	<i>2015</i>
	<u>US \$</u>	<u>US \$</u>
Purchases (refer note 12)	760,282	15,149

At the reporting date, balances with a related party (shareholder company) was as follows:

	<i>Shareholder Company</i>	<i>Shareholder Company</i>
	<i>2016</i>	<i>2015</i>
	<u>US \$</u>	<u>US \$</u>
Included in current liabilities:		
Trade payables (refer note 11)	189,687	1,114,756



CHEMHUB TRADING DMCC

Notes to the Financial Statements for the year ended 31 March 2016

15. Financial instruments

The company has exposure to the following risks from its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of trade and other receivables and bank balances.

Trade receivables

As at 31 March 2016, the company's maximum and significant exposure to credit risk from trade receivables situated outside U.A.E. amounts to US \$ 443,203/- from two customers (*previous year US \$ 52,690/- from a customers*).

There is no significant concentration of credit risk from trade receivables within U.A.E. or outside the industry in which the company operates.

Bank balances

The company's bank balances in current accounts are placed with high credit quality financial institutions.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.



CHEMHUB TRADING DMCC

Notes to the Financial Statements for the year ended 31 March 2016

Interest rate risk

In the absence of bank borrowings, interest rate risk is minimum.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which the US Dollar is pegged.

c) **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

The significant liquidity risk is the amounts due to the shareholder of the company on account of trade and other payables.

16. Financial instruments: Fair value

The fair values of the company's financial assets, comprising of trade and other and bank balances and financial liabilities comprising of trade and other payables approximate to their carrying values.

17. Contingent liability

There was no contingent liability of a significant amount outstanding at the reporting date.

18. Comparative figures

Previous year figures have been regrouped/ reclassified wherever necessary to conform to the presentation adopted in the current year.