# Welspun Middle East DMCC
Dubai, United Arab Emirates

**MANAGER'S REPORT**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**31 March 2014**

AUDITORS:

RSM Dahman
Accountants-Auditors-Consultants

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**Welspun Middle East DMCC**

**MANAGER'S REPORT & AUDITED FINANCIAL STATEMENTS**

31 March 2014

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WELSPUN

Dare to Commit

**WELSPUN Middle East DMCC**

**MANAGER'S REPORT**
**FOR THE YEAR ENDED 31 MARCH 2014**

I have pleasure in presenting this report and the audited financial statements of Welspun Middle East DMCC ("the Company") for the year ended 31 March 2014.

**LEGAL STATUS AND ACTIVITIES**

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007 & 3008, Plot No. W3, Liwa Hieghts Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The Company was earlier owned by Welspun Mauritius Holding Ltd. However, during the year, Welspun Mauritius Holding Ltd., transferred all shares of the Company to Welspun Tradings Limited. Accordingly, Welspun Tradings Limited is now the Parent Company. The ultimate Parent Company however, remains as Welspun Corp Ltd.

**FINANCIAL RESULTS AND FUTURE OUTLOOK**

The Company is currently engaged in marketing activities. Although the Company did not win any contract in this year, management is hopeful about the future performance of the Company.

The Parent Company is committed to meet all the Company's obligations, present and future in order to commence and maintain operations.

The results are set out in the statement of comprehensive income.

**MANAGEMENT RESPONSIBILITY**

As the Manager of the Company, I confirm that management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as we determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I am also responsible for keeping proper financial records in line with the laws and regulations of Dubai Multi Commodities Centre, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

As the Manager of the Company, I have approved the financial statements on 20 April 2014.

**INDEPENDENT AUDITORS**

The independent auditors of the Company, **RSM Dahman,** have indicated their willingness to continue in office.

WELSPUN MIDDLE EAST DMCC DUBAI - U.A.E.

Manish Pathak
Manager

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RSM Dahman
Auditors·Accountants·Advisors

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## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
## Welspun Middle East DMCC

### Report on the Financial Statements

We have audited the accompanying financial statements of Welspun Middle East DMCC ("the Company") which comprise the statement of financial position as at 31 March 2014 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 March 2014 and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 basis for our audit opinion.

*Opinion*

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the Company as at 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board (IASB).

*Emphasis of matter*

Without qualifying our opinion, we draw attention to note (3) to the financial statements. Based on the commitment of the Parent company to meet all the Company's present and future liabilities, these financial statements have been prepared on a going concern basis.

*Contd…*

RSM Dahman
Auditors•Accountants•Advisors

Independent Auditors' Report contd…

*Report on other legal and regulatory compliance*

We further confirm that we have obtained all information and explanations that we deemed necessary for our audit, that proper financial records have been kept by the Company and the information contained in the Manager's report in so far as they relate to the financial statements are in agreement therewith. We are not aware of any violations of any rules and regulations of the Dubai Multi Commodities Centre have occurred during the year ended 31 March 2014, which may have had a material adverse effect on the business of the Company or its financial position.

RSM Dahman

RSM Dahman

P.O.Box: 11855, Dubai - U.A.E.
RSM Dahman
Accountants • Auditors • Consultants

Dubai
20 April 2014

## STATEMENT OF FINANCIAL POSITION
31 March 2014

| | Note | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|---|
| **ASSETS** | | | |
| NON CURRENT ASSETS | | | |
| Fixed assets | 5 | 84,633 | 9,375 |
| CURRENT ASSETS | | | |
| Advances, deposits and prepayments | 6 | 117,042 | 4,100 |
| Bank balances and cash | 7 | 45,662 | 33,847 |
| | | 162,704 | 37,947 |
| Total assets | | 247,337 | 47,322 |
| **EQUITY AND LIABILITIES** | | | |
| EQUITY | | | |
| Share capital | 8(a) | 54,496 | 54,496 |
| Current account | 8(b) | - | 7,496 |
| | | 54,496 | 61,992 |
| Accumulated losses | | (1,254,791) | (439,400) |
| (Deficit) in equity | | (1,200,295) | (377,408) |
| NON CURRENT LIABILITIES | | | |
| Employees' end of service benefits | 9 | 9,578 | - |
| CURRENT LIABILITIES | | | |
| Amounts due to related parties | 10(a) | 1,423,571 | 412,000 |
| Other payables | | 14,483 | 12,730 |
| | | 1,438,054 | 424,730 |
| Total equity and liabilities | | 247,337 | 47,322 |

The independent auditors' report is set out on pages (2) and (3).

ويلسبون ميدل ايست م.د.م.س
DUBAI - U.A.E.
WELSPUN MIDDLE EAST DMCC

Manish Pathak
Manager

The attached notes 1 to 12 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**
Year Ended 31 March 2014

| | Note | *Year ended 31 March 2014 USD* | *Year ended 31 March 2013 USD* |
|---|---|---|---|
| **INCOME STATEMENT** | | | |
| Revenue | | - | - |
| EXPENSES | | | |
| General and administration expenses | 11 | 815,391 | 187,930 |
| (LOSS) FOR THE YEAR | | (815,391) | (187,930) |
| **OTHER COMPREHENSIVE INCOME** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | - | - |
| Other comprehensive income | | - | - |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | | - | - |
| *Items that will be reclassified subsequently to profit or loss:* | | - | - |
| Net other comprehensive income to be reclassified subsequently to profit or loss | | - | - |
| TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR | | (815,391) | (187,930) |

The attached notes 1 to 12 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
Year Ended 31 March 2014

| | *Share Capital USD Note 8(a)* | *Current account USD Note b(b)* | *Accumulated losses USD* | *Total USD* |
|---|---|---|---|---|
| Balance at 1 April 2012 | 54,496 | 7,496 | (251,470) | (189,478) |
| *Comprehensive Income* | | | | |
| (Loss) for the year | - | - | (187,930) | (187,930) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive (loss) | - | - | (187,930) | (187,930) |
| *Transactions with Owner:* | | | | |
| Total transactions with owner | - | - | - | - |
| As at 31 March 2013 | 54,496 | 7,496 | (439,400) | (377,408) |
| Balance at 1 April 2013 | | 7,496 | | |
| *Comprehensive Income* | | | | |
| (Loss) for the year | - | - | (815,391) | (815,391) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive (loss) | - | - | (815,391) | (815,391) |
| *Transaction with Owner:* | | | | |
| Repaid to Welspun Mauritius Holding Ltd. | - | (7,496) | - | (7,496) |
| Total transactions with owner | - | (7,496) | - | (7,496) |
| As at 31 March 2014 | 54,496 | - | (1,254,791) | (1,200,295) |

Figures in (brackets) indicate debits

The attached notes 1 to 12 form part of these financial statements.

## STATEMENT OF CASH FLOWS
Year Ended 31 March 2014

| | *Year ended 31 March 2014 USD* | *Year ended 31March 2013 USD* |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| (Loss) for the year | (815,391) | (187,930) |
| Adjustment for: | | |
| Depreciation of fixed asset | 10,464 | 4,687 |
| Provision for employees' end of service benefits | 9,578 | - |
| Operating (loss) before working capital changes: | (795,349) | (183,243) |
| (Increase) / Decrease in deposits, prepayments other receivables | (112,942) | 3,426 |
| Increase / (Decrease) in other payables | 1,753 | (6,545) |
| Cash (used in) operating activities | (906,538) | (186,362) |
| Employees' end of service benefits paid | - | (14,115) |
| | (906,538) | (200,477) |
| **INVESTING ACTIVITIES** | | |
| (Purchase) of fixed assets | (85,722) | - |
| Cash flow (used in) investing activities | (85,722) | - |
| **FINANCING ACTIVITIES** | | |
| Increase in amounts due to related parties | 1,011,571 | 230,000 |
| Amount repaid to Welspun Mauritius Holding Ltd. | (7,496) | |
| Cash flow from financing activities | 1,004,075 | 230,000 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | 11,815 | 29,523 |
| Cash and cash equivalents at the beginning of the year | 33,847 | 4,324 |
| **CASH AND CASH EQUIVALENTS AT THE END OF YEAR** | 45,662 | 33,847 |
| **REPRESENTED BY** | | |
| Bank balances and cash | 45,662 | 33,847 |

The attached notes 1 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**
31 March 2014

## 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007 & 3008, Plot No. W3, Liwa Hieghts Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The Company was earlier owned by Welspun Mauritius Holding Ltd. However, during the year, Welspun Mauritius Holding Ltd., transferred all shares of the Company to Welspun Tradings Limited. Accordingly, Welspun Tradings Limited is now the Parent Company.

These financial statements are consolidated together with the financial statements of Parent Company.

## 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), the interpretations issued by the International Financial Reporting Interpretation Committee of the (IASB) and the requirements of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended).

## 3 GOING CONCERN

As at the reporting date, the Company's accumulated losses amounted to USD 1,245,791 (2013: USD 439,400). This resulted in having a net equity deficit of USD 1,200,295 this year. Although this loss is due to preliminary expenses as the Company has not yet started any revenue generating activities, this indicates the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern and realize its assets or meets its obligations through normal operation. However, the Parent Company is committed to meet all the Company's obligations, present and future in order to support the Company in commence and maintain operations. Accordingly, these financial statements have been prepared on a going concern basis.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, which comply with International Financial Reporting Standards, have been applied consistently in dealing with items which are considered material in relation to the Company financial statements.

<u>Basis of preparation</u>

These financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair values, of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading.

a) *New and amended standards, and interpretations mandatory for the first time and applied but with no material effect on the financial statements:*

The following amended IFRSs have also been adopted in these financial statements. The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years or disclosures but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income (issued in June 2011)
- Amendments to IAS 1 Presentation of Financial Statements (Annual Improvements to IFRSs 2009–2011 Cycle, issued in May 2012)
- Amendment to IAS 16 Property, Plant and Equipment (Annual Improvements to IFRSs 2009–2011 Cycle, issued in May 2012)
- Revised IAS 27 Separate Financial Statements (issued in May 2011)
- Revised IAS 28 Investments in Associates and Joint Ventures (issued in May 2011)
- Amendment to IAS 32 Financial instruments: Presentation (Annual Improvements to IFRSs 2009–2011 Cycle, issued in May 2012)
- Amendments to IFRS 7 titled Disclosures - Offsetting Financial Assets and Financial Liabilities (issued in December 2011)
- IFRS 10 Consolidated Financial Statements (issued in May 2011 and amended in June 2012 for its transitional provisions)

## 4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

- IFRS 11 Joint Arrangements (issued in May 2011 and amended in June 2012 for its transitional provisions)
- IFRS 12 Disclosure of Interests in Other Entities (issued in May 2011 and amended in June 2012 for its transitional provisions)
- IFRS 13 Fair Value Measurement (issued in May 2011)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (issued in October 2011)
- Revised IAS 19 Employee Benefits (issued in June 2011)

*b) New and amended standards, and interpretations issued but not yet effective and not early adopted:*

For the avoidance of doubt, the following standards amendments and interpretations, which were issued by IASB before 31 December 2013 and are not yet in effect, have not been adopted early:

- Amendments to IAS 32 titled Offsetting Financial Assets and Financial Liabilities (issued in December 2011)
- Amendments to IAS 36 titled Recoverable Amount Disclosures for Non-Financial Assets (issued in May 2013)
- Amendments to IAS 39 titled Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013)
- Amendments to IFRS 10, IFRS 12 and IAS 27 titled Investment Entities (issued in October 2012)
- IFRS 9 Financial Instruments (issued in November 2009 and amended in October 2010)
- IFRIC 21 Levies (issued in May 2013)

Topics covered by these standards/interpretations are either not relevant for the preparation of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period in which they will be adopted.

Fixed assets

Fixed assets are stated at their historical costs less accumulated depreciation. Cost includes the purchase price and related expenses.

Expected future cash flows are not discounted to their present values in determining the recoverable amount of items of fixed assets.

Depreciation is provided on all fixed assets using the declining method at rates calculated to write off the cost less estimated recoverable value based on prices prevailing at the date of acquisition, of each asset over its expected useful life.

Financial assets

*Initial recognition and measurement:*

The Company recognizes financial assets on its reporting date when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets are recognized at fair value which is normally the transaction price.

*Subsequent measurement:*

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

a) *Financial assets at fair value through profit and loss:* Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives. All changes in fair value relating to assets at fair value through profit and loss are charged to the income statement as incurred.

For the year ended on 31 March 2014, the Company did not carry any financial assets classified in this category.

**4 SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial assets (*continued)*

b) *Loans and receivables:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at cost minus any reduction for impairment or un-collectability. The amount of loss is recognized in the income statement.

Deposits and other receivables are classified in this category.

c) *Held to maturity financial assets:* These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

For the year ended on 31 March 2014, the Company did not carry any financial assets classified in this category.

d) *Available for sale financial assets:* These are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available for sale financial assets are recognized directly in equity until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the income statement.

For the year ended on 31 March 2014, the Company did not carry any financial assets classified in this category.

Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of balances with bank.

Employees' end of service benefits

Provision is made for employees' end of service benefits. Such provision is not less than the amounts payable under the UAE Federal Labour Law No. (4) of 1980 and is based on the liability that would arise if the services of all employees were terminated on the reporting date.

Financial liabilities

*Initial recognition and measurement:*

The Company recognizes financial liabilities on its reporting date when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial liabilities are recognized at fair value which is normally the transaction price.

*Subsequent measurement:*

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

a) *Liabilities at fair value through profit and loss:* Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives. All changes in fair value relating to liabilities at fair value through profit and loss are charged to the income statement as incurred.

For the year ended on 31 March 2014, the Company did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

## 4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities (*continued)*

b) *Other financial liabilities:* All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

Other payables are classified in this category. Items classified within this category are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Foreign currencies

USD is considered to be the Company's functional and reporting currency.

Transactions denominated in foreign currencies are translated into US Dollars and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

## 5 FIXED ASSETS

| | *Office equipment USD* | *Furniture & fixtures USD* | *Total USD* |
|---|---|---|---|
| *Cost:* | | | |
| At 1 April 2012 | - | 15,899 | 15,899 |
| Additions during the year | - | - | - |
| At 31 March 2013 | - | 15,899 | 15,899 |
| Additions during the year | 48,603 | 37,119 | 85,722 |
| At 31 March 2014 | 48,603 | 53,018 | 101,621 |
| *Depreciation:* | | | |
| At 1 April 2012 | - | 1,837 | 1,837 |
| Charge for the year | - | 4,687 | 4,687 |
| At 31 March 2013 | - | 6,524 | 6,524 |
| Charge for the year | 3,950 | 6,514 | 10,464 |
| At 31 March 2014 | 3,950 | 13,038 | 16,988 |
| *Net book amounts:* | | | |
| At 31 March 2014 | 44,653 | 39,980 | 84,633 |
| At 31 March 2013 | - | 9,375 | 9,375 |

## 6 ADVANCES, DEPOSITS AND PREPAYMENTS

| | *31 March 2014 USD* | *31 March 2013 USD* |
|---|---|---|
| Staff advances | 102,807 | - |
| Refundable deposits | 10,147 | - |
| Prepayments | 4,088 | 4,100 |
| | 117,042 | 4,100 |

## 7 BANK BALANCES AND CASH

| | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|
| Current accounts | 40,041 | 33,847 |
| Cash in hand | 5,621 | - |
| Total bank balances and cash | 45,662 | 33,847 |

## 8(a) SHARE CAPITAL

The capital of the Company is AED 200,000, divided into 200 shares of AED 1,000 each, and held as under:

| | % | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|---|
| Welspun Mauritius Holding Ltd. | 100 | - | 54,496 |
| Welspun Tradings Limited, India | 100 | 54,496 | - |
| | | 54,496 | 54,496 |

During the year, as a result of group restructuring Welspun Mauritius Holding Ltd. transferred all shares to Welspun Tradings Limited,. India.

## 8(b) CURRENT ACCOUNT

| | % | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|---|
| Balance at 1 April | | 7,496 | 7,496 |
| Repaid back to Welspun Mauritius Holding Ltd. | | (7,496) | - |
| Balance at 31 March | | - | 7,496 |

The Welspun Mauritius Holding Ltd transferred an amount of USD 61,992 towards the capital for the Company. However, in accordance with DMCC regulations, the capital is only AED 200,000 which is equivalent to USD 54,496. During the year when the shares transferred to Welspun Trading Limited India the amount of AED 7,496 was repaid back to Welspun Mauritius Holding Ltd.

## 9 EMPLOYEES' END OF SERVICE BENEFITS

| | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|
| Balance at 1 April | - | 14,115 |
| Add: Amount provided during the year (note 11) | 9,578 | - |
| Less: Paid during the year | - | (14,115) |
| Balance at 31 March | 9,578 | - |

## 10 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, carries out transactions with other entities, which fall within the definition of related parties contained in International Accounting Standard No. (24). The rates and terms of the transactions are decided by the management. Transactions with related parties included in the financial statements are as follows:

| | 31 March 2014 USD | 31 March 2013 USD |
|---|---|---|
| Advance received from Parent Company | 450,000 | - |
| Advances from other group company | 530,000 | 230,000 |
| Reimbursement of Expenses | 31,571 | - |

## 10(a) AMOUNTS DUE TO RELATED PARTIES

| | *31 March 2014 USD* | *31 March 2013 USD* |
|---|---|---|
| Amount due to Parent Company: | | |
| Welspun Tradings Limited India | 472,440 | - |
| Amount due to other group company: | | |
| Welspun Mauritius Holding Ltd. | 942,000 | 412,000 |
| Welspun Corp Ltd. | 9,131 | - |
| Total amounts due to related parties | 1,423,571 | 412,000 |

The above amounts are interest free, unsecured and without repayment dates.

## 11 GENERAL AND ADMINISTRATION EXPENSES

| | *31 March 2014 USD* | *31 March 2013 USD* |
|---|---|---|
| Salaries and other staff cost | 341,130 | 122,335 |
| Employees' end of service benefits (note 9) | 9,578 | - |
| Depreciation of fixed asset (note 5) | 10,464 | 4,687 |
| Telephone and DEWA expenses | 28,944 | 6,401 |
| Trade license fee | 4,100 | 4,704 |
| Medical insurance | - | 1,271 |
| Professional fee | 16,924 | 11,890 |
| Marketing expenses | 150,000 | - |
| Rent | 51,942 | 16,366 |
| Travelling expenses | 73,900 | 10,732 |
| Other expenses | 27,551 | 9,009 |
| Relocation expenses | 75,982 | - |
| Motor vehicle expenses | 21,760 | - |
| Bank charges | 3,116 | 535 |
| | 815,391 | 187,930 |

The number of staff employed as at 31 March 2014 was 7 (31 March 2013: 0).

## 12 FINANCIAL INSTRUMENTS

The financial assets of the Company comprise bank balances, cash and other receivables. The financial liabilities of the Company comprise other payables and related party liabilities. The accounting policies for financial assets and liabilities are set out in note (4).

The following table summarizes the carrying amount of financial assets and liabilities recorded at 31 March by IAS 39 category:

| FINANCIAL ASSETS | *31 March 2014* *USD* | *31 March 2013* *USD* |
|---|---|---|
| Cash and cash equivalents | 45,662 | 33,847 |
| Financial assets at fair value through the income statement | | |
| - those designated as such upon initial recognition | - | - |
| - those classified as held for trading | - | - |
| Available for sale investments | - | - |
| Loans and receivables | 108,866 | - |
| Held-to-maturity investments | - | - |
| Total financial assets | 158,528 | 33,847 |
| FINANCIAL LIABILITIES | | |
| At fair value through the income statement | - | - |
| Measured at amortised cost: | | |
| - Borrowings | - | - |
| - Derivative financial instruments | - | - |
| - Other financial liabilities | 1,438,054 | 424,730 |
| Total financial liabilities | 1,438,054 | 424,730 |

Fair value

The fair values of the Company's financial instruments are not materially different from their carrying values at the reporting date.

## 12(a) INFORMATION ON FINANCIAL RISKS

The main risks to which the Company is exposed are as under:

Liquidity risk

The Company limits its liquidity risk by ensuring support funds from the Parent Company are available to it to meet financial liabilities. The amounts due to related party do not have a repayment schedule and are repayable as per convenience. The Company does expect to pay all external liabilities at their contractual maturity and expects to generate cash flows to be able to do so.

Interest rate risk

The Company does not have any interest bearing financial instruments.

Currency risk

The management closely monitors the exchange rate fluctuations to minimize foreign currency risk. All financial assets and liabilities are designated in USD or AED which is pegged in to the USD. Accordingly, currency risk on this front is minimal.