CUMI MIDDLE EAST FZE

RAK FREE TRADE ZONE

RAS AL KHAIMAH

UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR

FOR THE YEAR ENDED

31ST MARCH, 2016

CUMI MIDDLE EAST FZE

RAK FREE TRADE ZONE

RAS AL KHAIMAH

UNITED ARAB EMIRATES

31ST MARCH, 2016

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Our Ref: 144/16

Independent Auditor's Report
To the Shareholder of
Messrs. Cumi Middle East FZE
P.O. Box 16190
Ras Al Khaimah, United Arab Emirates

Report on the financial statements
We have audited the accompanying financial statements of Messrs Cumi Middle East FZE - Ras Al Khaimah, U.A.E. (The Establishment), which comprise the statement of financial position as at 31st 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 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. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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
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 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 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 opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Messrs Cumi Middle East FZE - Ras Al Khaimah, U.A.E as of 31st March, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements
Also in our opinion,

i) We obtained all the information and explanation which we considered necessary for the purpose of our audit.
ii) The Establishment has maintained proper books of accounts
iii) This financial statements disclose the impact, if any of pending litigations on the financial position
iv) The entity did not have any long term contracts and do not hold any derivative instruments during the financial period and year ended 31st March, 2016
v) According to the information available to us there were no contraventions during the year of regulations of RAK Free Trade Zone which might have materially affected the financial position of the Establishment or the results of its operation for the year

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P.O. Box: 92224
DUBAI - U.A.E.
Stuart & Hamlyn Chartered Accountants

Joseph Philip
Registration No. 749
STUART & HAMLYN
CHARTERED ACCOUNTANTS

ISSUED IN DUBAI ON 11TH APRIL, 2016

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2016

Assets	**Note**	**2016 US$**	**2015 US$**
Current assets			
Inventory	4	356,350	485,636
Goods in transit		98,919	101,353
Trade and other receivables	5	334,592	322,550
Cash and cash equivalents	6	38,481	11,470
Total		828,342	921,009
Non-current assets			
Property, plant and equipment - net carrying amount	7	24,308	32,411
Total assets		**852,650**	**953,420**
Liabilities and equity			
Current liabilities			
Accounts payable	8	159,240	198,656
Related party - Cumi - India and associated entities	9	382,596	301,268
Provision for employees' leave and passage		36,692	24,077
Bank motor vehicle loan - short term	10	6,596	6,210
Total		585,124	530,211
Non-current liabilities			
Provision for employees' end of service benefits	11	39,637	31,532
Bank motor vehicle loan - long term	10	14,444	21,038
Total		54,081	52,570
Total liabilities		639,205	582,781
Equity			
Capital	12	27,248	27,248
Statutory reserve	13	13,624	13,624
Retained income		172,573	329,767
Total equity		213,445	370,639
Total liabilities and equity		**852,650**	**953,420**

The notes attached herewith form part of these financial statements.

CHAIRMAN

APPROVED ON 11TH APRIL, 2016

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	2016 US$	2015 US$
Revenue		1,828,691	1,936,416
Cost of sales	15	(1,614,060)	(1,488,449)
Gross profit		214,631	447,967
Selling, administrative and general expenses	14	(476,833)	(394,929)
Finance costs - bank interest and charges		(5,487)	(3,792)
Loss on foreign currency exchange		(1,378)	(1,406)
Other income	16	111,873	99,472
Net (loss)/profit for the year		**(157,194)**	**147,312**

The notes attached herewith form part of these financial statements.

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2016

	Capital US$	Statutory reserve US$	Retained income US$	Total US$
Balance at 31st March, 2014	27,248	13,624	282,455	323,327
Dividend declared and distributed	-	-	(100,000)	(100,000)
Net profit for the year ended 31st March, 2015	-	-	147,312	147,312
Balance at 31st March, 2015	27,248	13,624	329,767	370,639
Net (loss) for the year ended 31st March, 2016	-	-	(157,194)	(157,194)
Balance at 31st March, 2016	**27,248**	**13,624**	**172,573**	**213,445**

The notes attached herewith form part of these financial statements.

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2016

	Note	2016 US$	2015 US$
Operating activities			
Net (loss)/profit for the year		(157,194)	147,312
Adjustments for:			
Depreciation		8,103	-
Provision for employees' end of service benefits		8,105	7,512
Net cash flow before changes in operating assets and liabilities		(140,986)	154,824
Changes in operating assets and liabilities:			
Inventory		129,286	181,330
Goods in transit		2,434	(49,364)
Trade and other receivables		(12,042)	(45,683)
Accounts payable		(39,416)	(342,024)
Related parties		81,328	121,768
Provision for employees' leave and passage		12,615	(7,222)
Net cash generated from operating activities		33,219	13,629
Investing activities			
Payments related to purchase of property, plant and equipment		-	(32,411)
Financing activities			
Dividend distributed		-	(100,000)
Movement in motor vehicle loan		(6,208)	27,248
Net cash (used in) financing activities		(6,208)	(72,752)
Increase/(decrease) in cash and cash equivalents		27,011	(91,534)
Cash and cash equivalents at the beginning of the year		11,470	103,004
Cash and cash equivalents at the end of the year	6	**38,481**	**11,470**

The notes attached herewith form part of these financial statements.

Note 1 General information

1.1 Formation

CUMI MIDDLE EAST FZE - (The Establishment) was formed as a Free Zone Establishment with Limited Liability at Ras Al Khaimah Free Trade Zone on 11th December, 2005 in accordance with the provisions of the Free Zone Regulations of the Emirate of Ras Al Khaimah pursuant to Emiri decree dated 1st May, 2000. The Establishment operates under trade license No. 7000813.

1.2 Activities

The Establishment is licensed to carry on the business of general trading and therefore it may trade in any products and commodities except for tobacco, alcohol and armaments.

1.3 Address

The registered address of the Establishment is P.O. Box 16190, Ras Al Khaimah, United Arab Emirates.

1.4 Ownership

In accordance with the share certificate issued by the Free Zone Authority of RAK, the Establishment is owned by Messrs CUMI International Limited, an entity incorporated under the law of Republic of Cyprus.

Note 2 Summary of significant accounting policies

2.1 Statement of compliance

The financial statements of the Establishment have been prepared in accordance with "International Financial Reporting Standard for Small and Medium-sized Entities" (IFRS for SMEs). The principal accounting policies applied in the preparation of these financial statements are set out below.

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in process of applying the Establishment's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note (3).

Adoption of new and revised International Financial Reporting Standards (IFRSs)

New standards, interpretations and amendments effective for the current year

The following new and revised standards and interpretations have been adopted in the current year with no material impact on the disclosures and amounts reported for the current and previous years but may affect the accounting for future transactions or arrangements:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1-Jul-14
Annual Improvements to IFRSs 2010-2012 Cycle	1-Jul-14
Annual Improvements to IFRSs 2011-2013 Cycle	1-Jul-14

New standards, interpretations and amendments in issue but are not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorisation of these financial statements are listed below. The Company intends to adopt those standards when they become effective.

International Accounting Standards (IAS/IFRSs)		*Effective date*
IFRS 9	Financial Instruments	1-Jan-18
IFRS 14	Regulatory Deferral Accounts	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-18
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations		1-Jan-16
Amendments to IAS 1 Disclosure Initiative		1-Jan-16
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation		1-Jan-16
Amendments to IAS 16 and IAS 41 Agriculture : Bearer Plants		1-Jan-16
Amendments to IAS 27 Equity Method in Separate Financial Statements		1-Jan-16
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		1-Jan-16
Annual Improvements to IFRSs 2012-2014 Cycle		1-Jan-16
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception		1-Jan-16

The management believes that the adoption of the above amendments are not likely to have any significant impact on the financial statements of the Company for future periods.

2.2 Basis of preparation and presentation

These financial statements have been prepared prudently and consistently on the assumption that the Establishment as an entity shall continue in business for the foreseeable future and taking into account expenses and income related to the financial year irrespective whether they have been paid and received and in accordance with historical cost convention under which assets are shown at or below its original cost to the Establishment and no allowance has been made to cover its replacement cost.

2.3 Foreign currency translation

a - Functional and presentation currency

Items included in the financial statements of the Establishment are denominated in United States Dollar (US$).

b - Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance income or costs". All other foreign exchange gains and losses are presented in profit or loss within "other (losses)/gains - net".

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short term highly liquid investments and instruments with original maturities of three months or less. Bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

2.5 Trade receivables

Trade receivables are recognised initially at the transaction price and subsequently stated net of any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Establishment will not be able to collect all amounts due according to the original terms of the receivables.

2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average costing method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and the other costs incurred bringing them to their existing location and condition. Net realisable is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The Establishment adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefit to the Establishment. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The assets' residual values useful lives and depreciation methods are reviewed, and adjusted, if there is an indication of significant change since the last reporting date.

The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the other gain/losses - net in the statement of comprehensive income.

Depreciation:
Items of property, plant and equipment are depreciated on a straight - line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Establishment will obtain ownership by the end of the lease term. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets is completed and ready for use. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Expected useful life (years)	Annual rate (%)
Computers and office equipment	3	33.33
Motor vehicle	4	25

2.8 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.9 Impairment of non financial asset other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that an asset may be impaired, the carrying value of the asset (or Cash-Generating Unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Provisions

Provision for restructuring costs and legal claims are recognised when the Establishment has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.11 Employees' benefit obligations

The liability has been recognised in the statement of financial position in respect of Employees leave, passage and end of service benefits on time basis in full for every employee in the service of the Establishment at the end of the reporting period in accordance with the provisions of the Labour Law of the United Arab Emirates.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Establishment's activities. Revenue is shown net of sales/returns, rebates and discounts.

The Establishment recognises revenue when; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria of recognition of revenue have been met for each of the Establishment's activities detailed under Note (1.2).

Note 3 Judgments and key sources of estimation

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and 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 recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the financial statements are described below:

Impairment losses on property, plant and equipment

The Company reviews its property; plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in profit or loss, the .Company makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Impairment losses on trade and other receivables and other financial assets

The Company reviews its trade and other receivables and other financial assets to assess impairment at least on annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether the impairment loss should be reported in profit or loss, the Company makes judgement as to whether there is any observable data indicating that there is a measureable decrease in the amount to be realized from the respective parties. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Estimated useful lives and residual values of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and the expected physical wear and tear which depends on operational factors. The Company management has carried out a review of the useful lives and residual values of property and equipment. Management has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of property, plant and equipment for the current or future periods.

Note 4 Inventory

	2016 US$	2015 US$
Inventory at cost	423,017	509,813
Allowance for impairment of inventory (Note below)	(66,667)	(24,177)
Total	**356,350**	**485,636**

Movement in allowance for impairment of inventory	2016 US$	2015 US$
Balance at the beginning of the year	24,177	55,000
Charge during the year	116,667	20,000
Allowance for impairment closed on disposal of impaired items	(74,177)	(50,823)
Total	**66,667**	**24,177**

A provision for impairment is recognised when an item of inventory is tested for impairment and impairment criteria is established.

Note 5 Trade and other receivables

	2016 US$	2015 US$
Trade debtors	317,200	300,431
Provision for doubtful debts	(2,500)	-
Net trade debtors	314,700	300,431
Loans and advances	-	1,362
Prepayments	13,458	14,394
Deposits refundable	6,434	6,363
Total	**334,592**	**322,550**

5.1 Trade debtors

Trade debtors disclosed above are receivables arising from commercial trade transactions with Entity's established trade clients. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade debtors include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Establishment has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

The ageing analysis of trade debtors are as follows:	2016 US$	2015 US$
1 - 90 days	226,784	115,622
91 - 180 days	62,579	102,310
180 - 365 days	22,700	33,862
Above 365 days	5,137	4,315
Total	317,200	256,109
Average age (days)	63	57

Note 6 Cash and cash equivalents

	2016 US$	2015 US$
Cash on hand	862	364
Bank current account balances	37,619	11,106
Total cash and bank balance (Page 2)	**38,481**	**11,470**

Note 7 Property, plant and equipment

Cost	Computers & office equipment US$	Motor vehicle US$	Total US$
At 31st March, 2014	3,158	21,254	24,412
Additions during the year	-	32,411	32,411
At 31st March, 2015	3,158	53,665	56,823
At 31st March, 2016	3,158	53,665	56,823
Depreciation	**33.33%**	**25%**	
At 31st March, 2014	3,158	21,254	24,412
At 31st March, 2015	3,158	21,254	24,412
Charge for the year	-	8,103	8,103
At 31st March, 2016	3,158	29,357	32,515
Net carrying amount			
At 31st March, 2016	**-**	**24,308**	**24,308**
At 31st March, 2015	**-**	**32,411**	**32,411**

Note 8 Accounts payable

	2016 US$	2015 US$
Subcontractors	12,580	50,459
Creditors for expenses	54,176	26,488
Advance from customers	6,387	35,935
Agency fee payable	83,645	78,210
Accrued expenses	2,452	2,603
Bills payable	-	4,961
Total	**159,240**	**198,656**

Note 9 Related party - Carborandum Universal Limited (Cumi) India and associated entities

The Establishment enters into transactions with other parties that fall within the definition of a related party contained in International Financial Reporting Standards (IAS 24). Such transactions are carried out with such parties in the normal course of business and at terms that correspond to those on normal arm's length transactions with other parties.

Messrs Carborandum Universal Limited (Cumi) India and associated entities is a related party in the manner described under (Note 2.8). Related party transactions and balances arising out of these transactions at 31st March, 2016 are as follows:

Transactions:	2016 US$	2015 US$
Commercial		
Balance at 1st April,	301,268	179,500
Purchase of merchandise from related party	1,399,840	1,068,162
Goods in transit	98,919	101,353
Payments against purchase during the year	(1,405,136)	(1,015,937)
Settlement of debit notes	(12,295)	(31,810)
Total due to	**382,596**	**301,268**

Note 10 Bank motor vehicle loan

At 31st March 2016, motor vehicle loan taken from bank for purchase of motor vehicle is secured by a charge on the motor vehicle purchased under such financing arrangement.

Note 11 Provision for employees' end of service benefits

	2016 US$	2015 US$
Balance at 1st April,	31,532	24,020
Charge for the year	8,105	7,512
Total	**39,637**	**31,532**

Note 12 Capital

The capital of the Establishment is one share of AED 100,000 (Equivalent to US$ 27,248) fully subscribed and paid up as described under (Note 1.4) .

Note 13 Statutory reserve

In accordance with Article 103 of the U.A.E. Commercial Company Law of 2015, 10% of the net profit has been set aside as statutory reserve of capital nature for the Establishment which shall remain indivisible until dissolution and liquidation of the Establishment. The appropriation to this reserve has been limited to 50% of the capital of the Establishment.

Note 14 Selling, administration and general expenses

	2016 US$	2015 US$
Payroll and related costs (See 14.2)	175,024	174,349
Office rent	14,651	14,560
Communications	11,401	12,547
Bad and doubtful debts	2,500	-
Other general expenses (See 14.4)	20,466	23,670
Selling and distribution expenses (See 14.5)	128,021	149,803
Allowance for impairment of inventory	116,667	20,000
Depreciation	8,103	-
Total	**476,833**	**394,929**

Note 15 Schedule of cost of sales and overheads

15.1 Cost of sales

	2016 US$	2015 US$
Cost of raw materials	1,494,941	1,272,993
Project cost	47,377	152,744
Warehousing charges	18,012	19,513
Customs clearing (Inward Materials)	53,730	43,199
Total	1,614,060	1,488,449

15.2 Payroll and related costs

	2016 US$	2015 US$
Salaries	137,586	129,902
Leave salary	11,589	11,382
Gratuity	8,105	7,512
Medical/medical insurance	7,869	7,535
LFA / Settlement	4,818	4,790
Annual incentives	5,057	13,228
Total	175,024	174,349

15.3 Other general expenses & selling and distribution expenses

	2016 US$	2015 US$
Other general expenses - (Note 13) (See 14.4)	20,466	23,670
Selling & distribution expenses - (Note 13) (See 14.5)	128,021	149,803
Total	148,487	173,473

15.4 Other general expenses

	2016 US$	2015 US$
Vehicle fuel & maintenance	5,844	8,748
Food & beverages	1,200	1,064
Other office expense	2,083	3,141
Visa expense	-	154
Legal / professional fees	5,109	5,926
Insurance exp.	1,680	87
License & registration	4,550	4,550
Total	20,466	23,670

15.5 Selling and distribution expenses

	2016 US$	2015 US$
Duties and documentation	63,947	41,398
Local travel expenses	3,067	3,413
Travel expenses	2,653	5,472
Warehouse pick, pack & documentation	2,334	1,802
Sales commissions	23,507	43,844
Project commissions	-	11,417
Freight forward and distribution	26,436	36,432
Sales promotion	6,077	6,025
Total	128,021	149,803

Note 16 Other income

	2016 US$	2015 US$
Freight charges reimbursement	55,314	63,166
Proceeds from disposal of impaired inventory (Note 4)	11,099	-
Miscellaneous income	45,460	31,810
Gain on disposal of property, plant and equipment	-	4,496
Total	**111,873**	**99,472**

Note 17 Financial risk management

The Establishment has exposure to the following risks from use of its financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Establishment’s exposure to each of the above risks, the Establishment’s objectives, policies and processes for measuring and managing risk, and the Establishment’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Management has overall responsibility for the establishment and oversight of the Establishment's risk management framework. The Management is responsible for developing and monitoring the Establishment’s risk management policies.

The Establishment's risk management policies are established to identify and analyse the risks faced by the Establishment, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Establishment's activities. The Establishment, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

17.1 Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of (A) are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk is limited to the carrying amount of the financial assets comprising of cash and cash equivalents, trade debtors and deposit refundable. The management continuously review all financial assets portfolios in order to assess reliability and risks associated therewith.

The maximum exposure to credit risk at the reporting date was:	2016 US$	2015 US$
Trade and other receivables	321,134	308,156
Bank current account balances	37,619	11,106
Total	**358,753**	**358,787**

The ageing analysis of trade receivables are as follows:	2016 US$	2015 US$
1 - 90 days	226,784	210,408
91 - 180 days	62,579	40,992
180 - 365 days	22,700	38,493
Above 365 days	5,137	10,538
Total	**317,200**	**300,431**

17.2 Liquidity risk

Liquidity risk is the risk that the Establishment will not be able to meet its financial obligations as they fall due. The Establishment's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's business and reputation.

The following are the contractual maturities of financial liabilities of the Establishment at the reporting date:

	Carrying amount US$	Contractual cash flows US$	Less than 1 year US$	More than 1 year US$
Accounts payables	159,240	159,240	159,240	-
Related party - Cumi - India and associated entities	382,596	382,596	382,596	-
Employees' leave and passage	36,692	36,692	36,692	-
Employees' end of service benefits	39,637	39,637	-	39,637
Bank motor vehicle loan	21,040	21,040	6,596	14,444
Total	**639,205**	**639,205**	**585,124**	**54,081**

17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Establishment's exposure to market risk arises from:

Currency risk

The Establishment is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of Establishment. As on the reporting date the Establishment is not exposed to exchange rate risk on transactions relating to US $.

Interest rate risk

The Establishment is exposed to interest rate risk when it borrows funds on floating interest rate. The Establishment do not have any interest bearing borrowings at the reporting date.

Note 18 Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 11th April, 2016.