VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of financial position at March 31, 2017

	Note	AED	2016 AED
Non current assets			
Furniture, fixtures and equipments	5	60,477	151,896
Software	6	44,598	-
Advances	7	718,823	188,858
Total non current assets		823,898	340,754
Current assets			
Inventories		-	577,568
Trade and other receivables	7	13,757,510	12,975,684
Due from related parties	8	695,876	707,870
Bank balances and cash	9	603,666	55,670
Total current assets		15,057,052	14,316,792
Current liabilities			
Trade and other payables	10	11,455,174	11,589,835
Due to related parties	8	258,473	-
Bank overdrafts	11	2,628,063	2,137,326
Total current liabilities		14,341,710	13,727,161
Net current assets		715,342	589,631
Non current liabilities			
Provision for employees' end of service benefits	12	487,079	349,595
Net assets		1,052,161	580,790
Equity			
Share capital	13	50,000	50,000
Shareholder's account	14	1,950,000	1,950,000
Accumulated deficit		(947,839)	(1,419,210)
Total equity		1,052,161	580,790

The financial statements have been approved by the Board of Directors on May 24, 2017 and are signed on it's behalf by:

Kallol Datta
Director

Rajendra Nath Ghosal
Director

VEEDOL INTERNATIONAL DMCC, DUBAI

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Kallol Datta
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Director

The notes on pages 8 to 23 form part of these financial statements

Statement of comprehensive income for the year ended March 31, 2017

	Note	AED	2016 AED
Revenue	15	30,637,419	28,938,283
Cost of sales	16	(21,685,849)	(21,378,928)
Gross profit		8,951,570	7,559,355
Other income	17	40,593	62,456
		8,992,163	7,621,811
Salaries and other benefits		(4,087,401)	(3,920,568)
Administration, selling and general expenses	18	(2,651,036)	(3,231,785)
Royalty	19	(1,532,342)	(1,447,761)
Depreciation	5	(91,420)	(110,273)
Finance costs	20	(158,593)	(126,113)
		(8,520,792)	(8,836,500)
Total comprehensive income for the year		471,371	(1,214,689)

The notes on pages 8 to 23 form part of these financial statements

Statement of changes in equity for the year ended March 31, 2017

	Share capital AED	Shareholder's account AED	Accumulated deficit AED	Total equity AED
Balance at April 1, 2015	50,000	1,950,000	(204,521)	1,795,479
Total comprehensive income for the year	-	-	(1,214,689)	(1,214,689)
Balance at March 31, 2016	**50,000**	**1,950,000**	**(1,419,210)**	**580,790**
Total comprehensive income for the year	-	-	471,371	471,371
Balance at March 31, 2017	**50,000**	**1,950,000**	**(947,839)**	**1,052,161**

The notes on pages 8 to 23 form part of these financial statements

VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of cash flows for the year ended March 31, 2017

			2016
Cash flows from operating activities	Note	AED	AED
Net profit/(loss) for the year		471,371	(1,214,689)
Adjustments for:			
Depreciation	5	91,419	110,273
Amortisation	6	5,591	-
Interest expense	20	158,593	126,113
Interest income	17	(15,342)	-
Provision for employees' end of service benefits	12	146,508	142,061
Operating profit/(loss) before working capital changes		858,140	(836,242)
Decrease/(increase) in inventories		577,568	(231,198)
(Increase)/decrease in trade and other receivables	7	(781,826)	3,473,119
Decrease/(increase) in due from related parties	8	11,994	(642,068)
Decrease in trade and other payables	10	(134,661)	(95,798)
Increase/(decrease) in due to related parties	8	258,473	(275,036)
Cash generated from operations		789,688	1,392,777
Interest paid	20	(158,593)	(126,113)
Interest received	17	15,342	-
Payment of end of service benefits	12	(9,024)	(80,528)
Net cash generated from operating activities		637,413	1,186,136
Cash flows from investing activities			
Purchase of furniture, fixtures and equipments	5	-	(40,457)
(Increase)/decrease in advances	7	(529,965)	90,258
Purchase of software	6	(50,189)	-
Net cash (used in)/from investing activities		(580,154)	49,801
Net increase in cash and cash equivalents		57,259	1,235,937
Cash and cash equivalents at beginning of the year		(2,081,656)	(3,317,593)
Cash and cash equivalents at end of the year	21	(2,024,397)	(2,081,656)

1 Status and activity

Veedol International DMCC, Dubai ("the Company") is a limited liability company incorporated under the Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC). The principal place of business of the Company is located at Unit number 1501, Indigo Icon, Jumeirah Lake Towers, Dubai.

The parent company of the Company is Tide Water Oil Co. (India) Limited ("the Parent").

The principal activities of the Company include trading in lubricants and grease.

The financial statements for the year ended March 31, 2017 were authorised for issue by the Board of Directors on May 24, 2017.

These financial statements are presented in UAE Dirhams (AED).

2 Application of new and revised International Financial Reporting Standards (IFRS's)

New standards, interpretations and amendments effective from April 1, 2016

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

- **IAS 7 Statement of Cash Flows (disclosure)**

Paragraph 44A added: 'An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'.

The following changes in liabilities arising from financing activities shall be disclosed:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates;
- Changes in fair values; and
- Other changes.

Paragraph 44C added: 'Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'.

Disclosure requirement in paragraph 44A is fulfilled by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Effective date: an entity shall apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted

- **Annual Improvements to IFRSs 2012-2014 Cycle (Effective for annual periods beginning on or after July 1, 2016):**

IFRS 7 Financial Instruments: Disclosures

This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Company's financial position or performance on adoption.

2 Application of new and revised International Financial Reporting Standards (IFRS's) (Continued)

- **Annual Improvements to IFRSs 2012-2014 Cycle (Effective for annual periods beginning on or after July 1, 2016):** (Continued)

IAS 19 Employee Benefits

This improvement clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Company's financial position or performance on adoption.

New standards, Interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after 1 April 2017:

- **IFRS 15 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after January 1, 2018):**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:
- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

- **IFRS 16 'Leases' (Effective for annual periods beginning on or after January 1, 2019):**

IFRS 16 specifies how to recognise, measure, present and disclose leases.

- The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.
- Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17
- IFRS 16 replaced the following standards and interpretation
  - IAS 17 - Leases
  - IFRIC 4 - Determining whether an arrangement contain a lease
  - SIC-15 - Operating leases - incentives
  - SIC-27 - Evaluating the substance of transaction involving the Legal Form of a Leases

2 Application of new and revised International Financial Reporting Standards (IFRS's) (Continued)

New standards, interpretations and amendments not yet effective (Continued)

- **IFRS 9 'Financial instruments (2014)' (Effective for annual periods beginning on or after January 1, 2018):**

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015

3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the International Financial Reporting Standards. These financial statements also comply with the Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC).

The significant accounting policies adopted are as follows:

Furniture, fixtures and equipments

Furniture, fixtures and equipments are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of replacing a part of furniture, fixtures and equipments is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The routine servicing of the furniture, fixtures and equipments are recognized in the statement of profit or loss and comprehensive income.

3 **Significant accounting policies (Continued)**

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of furniture, fixtures and equipments over their estimated useful lives as follows:

Office equipments	2 - 3 years
Tools and equipments	2 - 3 years
Furniture and fixtures	5 - 6 years

Software

Software acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are then amortised using the straight line method over their useful life of 5 years. Amortisation is included in the administrative expenses in the statement of profit or loss and comprehensive income.

Inventories

Inventories consists of packaging materials that are stated at lower of cost and net realisable value. Cost of packaging materials are determined on the First-in, First-out (FIFO) basis. The Company does not hold any inventories as at the date of statement of financial position.

Financial assets

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. Financial assets are recognized and derecognised on the trade date, and are initially measured at fair value, net of transaction costs for those financial assets classified as fair value through profit or loss which are initially measure at fair value.

Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instrument that the Company manages together and has a recent actual pattern of short term profit-taking or
- it is derivative that is not designated and effective as hedging instrument

Financial assets through profit or loss are stated fair value, with any results gain or losses recognized in the statement of comprehensive income.

3 Significant accounting policies (Continued)

Financial assets (Continued)

Fair value through profit or loss (Continued)

Financial assets are classified as fair value through profit or loss when the financial asset is either as held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's loans and receivables comprise trade and other receivables and due from related parties in the statement of financial position.

Held - to - maturity investments

These assets are non-derivative financial assets with determinable payments and fixed maturities that Company's management has the positive intention and ability to hold till maturity. These assets are measured at amortised costs with changes through statement of comprehensive income.

Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities or investments in financial assets intended for to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates.

These assets are included in non-current assets unless management has expressed its intention of holding these investments for less than twelve months from the date of consolidated statement of financial position, and are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available for sale investments constitutes objective evidence of impairment, the amount of loss is removed from equity and recognized in the statement of comprehensive income.

Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances and bank overdrafts, free of encumbrance. Bank overdrafts are shown within current liabilities on the statement of financial position.

3 Significant accounting policies (Continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding.

- Trade payables, due to related parties and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

3 Significant accounting policies (Continued)

Impairment (Continued)

(I) Financial assets (Continued)

Available-for-sale financial assets

In addition to the objective evidence of impairment as described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

All impairment losses are recognised in the statement of income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortized cost that are debt securities, the reversal is recognised in the statement of comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The reduction in value is recognised in the statement of comprehensive income.

Employees' end of service benefits

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Provisions

Provisions is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money, and, where appropriate, the risks specific to the liability.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when changes arise.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Leasing

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

3 Significant accounting policies (Continued)

Revenue recognition

Revenue from the sales of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Interest income is accrued on a time basis.

Finance costs

Interest expense and similar charges are payable on bank overdrafts held at amortised cost. Interest expense is measured using effective interest method, with interest expense recognised on an effective yield basis.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

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

Furniture, fixtures and equipments

Furniture, fixtures and equipments is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

5 Furniture, fixtures and equipments

Movements in furniture, fixtures and equipments are given on page 23.

6 Software

	AED
Additions	50,189
Amortisation during the year	(5,591)
	44,598

Intangible assets represents software purchased by the Company and are amortised on a straight line basis over a period of 5 years from the date of capitalisation.

7 Trade and other receivables

		2016
	AED	AED
Trade receivables	12,408,670	12,090,578
Prepayments	204,002	157,007
Advances	1,255,350	862,115
Other receivables	608,311	54,842
	14,476,333	13,164,542
Less: non-current portion of advances	(718,823)	(188,858)
	13,757,510	12,975,684

Trade and other receivables which are classified as loans and other receivables approximates to the fair value. No interest is charged on trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

AED 11,050,233 (2016: AED 12,003,702) of the trade receivables are neither past due nor impaired. The company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty. There are 5 customers (2016: 6 customers) who represent 73 percent (2016: 91 percent) of the total balance of trade receivables.

Included in trade receivables are debtors with carrying amounts of AED 1,358,437 (2016: AED 86,876) which are past due at the reporting date for which the Group, based on its past default experience has partly provided as it still considers these amounts as recoverable.

Advances represent advances for signages and equipment support to distributors, which are amortised over the period of contract. The amortisation for the 12 months after the statement of financial position date is classified as non current.

Ageing analysis of these trade receivables is as follows:

		2016
	AED	AED
Amounts past due but not impaired:		
0-30 days	428,838	-
More than 31 days	929,599	86,876
Total receivables past due	1,358,437	86,876

8 Related party disclosures

Related parties include the parent, key management personnel and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

The significant related party transactions during the year are as follows:

		2016
	AED	AED
Other related parties		
- Interest income	15,342	-
- Purchases	450,515	-
- Royalty expense	1,532,342	1,447,761
Key management personnel		
- Salaries and other benefits	491,372	692,566

Related party balances are as under :

		2016
	AED	AED
Payables :		
- Other related parties	258,473	-
Receivables :		
- Short term advance to related party	574,316	-
- Other related parties	121,560	707,870
	695,876	707,870

Short term advance to related party represents an unsecured advance given to a related party bearing interest at 4.5% per annum and is repayable within twelve months from the date of statement of financial position.

9 Bank balances and cash

		2016
	AED	AED
Cash on hand	5,877	5,676
Current accounts with banks	597,789	49,994
	603,666	55,670

10 Trade and other payables

		2016
	AED	AED
Trade payables	9,489,471	9,860,653
Accruals and other payables	1,965,703	1,729,182
	11,455,174	11,589,835

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame. The trade and other payables which are classified as financial liabilities measures at amortised cost approximate fair value.

11 Bank overdrafts

Bank overdrafts are secured by the corporate guarantee given by the Parent.

12 Provision for employees' end of service benefits

		2016
	AED	AED
Opening balance	349,595	288,062
Provision made during the year	146,508	142,061
Payment made during the year	(9,024)	(80,528)
Closing balance	487,079	349,595

13 Share capital

		2016
	AED	AED
Authorised, issued and paid up capital:		
50 shares of AED 1,000 each	50,000	50,000

14 Shareholder's account

This represents capital infusion made by the parent which is not converted to share capital is as on the date of the statement of financial position.

15 Revenue

		2016
	AED	AED
Sale of goods	34,503,649	33,100,790
Price support to dealers	(3,866,230)	(4,162,507)
	30,637,419	28,938,283

16 Cost of sales

		2016
	AED	AED
Material consumed	20,807,991	18,789,928
Other direct costs	877,858	2,589,000
	21,685,849	21,378,928

17 **Other income**

		2016
	AED	AED
Interest income	15,342	-
Net exchange gain	25,251	32,553
Other	-	29,903
	40,593	62,456

18 **Administration, selling and general expenses**

		2016
	AED	AED
Rent and license fees	250,174	194,159
Communication	132,242	107,003
Travelling, conveyance and vehicle expenses	333,299	456,800
Selling and marketing expenses	1,283,977	1,731,876
Legal and professional fees	397,523	457,453
Printing and stationery	7,717	13,822
Repairs and maintenance	17,295	15,736
Amortisation	5,591	-
Bank charges	159,562	183,936
Other	63,656	71,000
	2,651,036	3,231,785

19 **Royalty**

This represents the royalty fee payable to Veedol International Limited, incorporated in the United Kingdom, for marketing "Veedol" brand lubricants in various regions. The fee is worked based on a fixed percentage of net sales value as mutually agreed.

20 Finance costs

This represents interest expense on bank overdrafts.

21 Cash and cash equivalents

		2016
	AED	AED
Bank balances and cash	603,666	55,670
Bank overdrafts	(2,628,063)	(2,137,326)
	(2,024,397)	(2,081,656)

The carrying amount of these assets approximates to their fair value.

22 Financial instruments - risk management

The Group is exposed through its operations to the following financial risks:

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of issued share capital, shareholder's account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with each class of capital. The Company balances its capital structure based on the above review.

Market risk management

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars (USD). But, as UAE Dirham (AED) is pegged to the US Dollar, the Company is not exposed to any significant exchange rate fluctuations.

Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company borrow funds at floating interest rates. Sensitivity analysis of interest rates is as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by AED 67,341 (2016: AED 72,641).

22 Financial instruments - risk management (Continued)

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise bank balances, trade and other receivables. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and related parties are subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. There are 5 customers who represent 73 percent of the total balance of trade receivables.

As at date of statement of financial position, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

		2016
	AED	AED
Saudi Arabia	1,020,165	3,792,570
Kuwait	3,231,168	2,763,212
Iraq	619,294	450,092
Jordan	2,125,230	779,261
Lebanon	569,582	726,817
Oman	1,054,140	400,295
Yemen	420,182	126,415
Qatar	318,193	1,954,119
Sudan	516,036	-
Bahrain	368,598	-
Palestine	485,166	-
Taiwan	-	154,569

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

22 Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instrument are listed below:

	Fair value hierarchy		2016
		AED	AED
Financial assets			
Loans and receivables			
- Trade receivables (excluding prepayments)	Level 3	14,272,331	13,007,535
- Due from related parties	Level 3	695,876	707,870
- Bank balances and cash	Level 3	603,666	55,670
Financial liabilities			
- Trade and other payables	Level 3	11,455,174	11,589,835
- Due to related parties	Level 3	258,473	-
- Bank overdrafts		2,628,063	2,137,326

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The contractual maturity (representing undiscounted contractual cash-flows) of financial liabilities represented by trade and other payables and due to related parties is upto 3 months.

23 Contingent liabilities

		2016
	AED	AED
Letter of credit	98,931	-

24 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year. These regroupings or reclassifications were not material.

Schedule of furniture, fixtures and equipments

	Office equipments	Tools and equipments	Furniture and fixtures	Total
Cost	AED	AED	AED	AED
At April 1, 2015	88,035	146,727	275,855	510,617
Additions	6,897	-	33,560	40,457
At March 31, 2016	94,932	146,727	309,415	551,074
At March 31, 2017	**94,932**	**146,727**	**309,415**	**551,074**
Depreciation				
At April 1, 2015	80,977	63,015	144,913	288,905
Charge for the year	6,638	52,183	51,452	110,273
At March 31, 2016	87,615	115,198	196,365	399,178
Charge for the year	3,886	31,529	56,004	91,419
At March 31, 2017	**91,501**	**146,727**	**252,369**	**490,597**
Net Book Value				
At March 31, 2017	**3,431**	**-**	**57,046**	**60,477**
At March 31, 2016	7,317	31,529	113,050	151,896