

Notes to the Financial Statements for the period ended 31 March 2010

1. Legal status and business activity

- a) OSWAL OVERSEAS LIMITED is an offshore company with limited liability registered under the provision of Offshore Companies regulations of Jebel Ali Free Zone of 2003 under registration No of 2384.
- b) The company was incorporated on 24 July 2006 and is established to carry out business of general trading and investment activities. The company has not generated any revenue as it has not begun any commercial activities.

2. Significant accounting policies

The financial statements are prepared under the historical cost convention and the significant accounting policies adopted are as follows:

a) Loans and advances:

Provision is made for doubtful loans and advances. Bad debts are written off as they arise.

b) Pre-operative expenses:

All expenses related to various projects by the company are treated as pre-operative expenses till the commencement of commercial production.

c) Payables and accruals:

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

d) Staff end of service gratuity:

Staff end of service gratuity is accounted on cash basis.

e) Foreign currency transactions:

Transactions in foreign currencies are converted into US Dollar at the rate of exchange ruling on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the balance sheet date.

Resulting exchange gains/losses are taken to the income statement.

3. Investment

	2010	2009
Loan to Oswal Refinery*	8,780.17	10,099.38
Advance to a supplier #	898,200.00	—
	906,980.17	10,099.38

* This represents loan given to Oswal Refinery Limited, Russia. This loan carries interest at 1% per annum and the accrued interest as at balance sheet date is US\$ 1,936/-.

This amount represents advance paid to Pt Garda Tujuh Buana Tbk, a company established under the laws of Republic of Indonesia for acquiring sole marketing and distribution right for the coal produced by the Indonesian company. The company is appointed as a sole right holder for the above for 10 years from the date of agreement i.e. 1st October 2009.

4. Share capital

Subscribed, Issued and Paid up

Shares 17,440 @ AED 100/- *		
(US \$ 1 @ AED 3.6715)	21,332.25	24,782.79

*The share certificate is issued in the name of 'M/s Oswal Agro Mills Limited' the sole shareholder of the company.

5. Current account

This amount represents current account balance of the shareholder of the company.

6. Contingent liability

There was no contingent liability of a significant amount at the balance sheet date.

7. Comparative figures

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