



Rahman Rahman Huq
Chartered Accountants

Agro Tech Foods (Bangladesh) Pvt. Ltd.

Auditor's report and financial statements
as at and for the year ended 31 March 2015



Rahman Rahman Huq
Chartered Accountants
9 Mohakhali C/A (11th & 12th Floors)
Dhaka 1212
Bangladesh

Telephone +880 (2) 988 6450-2
Fax +880 (2) 988 6449
E-mail dhaka@kpmg.com
Internet www.kpmg.com/bd

Independent auditor's report to the shareholders of Agro Tech Foods (Bangladesh) Pvt. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Agro Tech Foods (Bangladesh) Pvt. Ltd ("the Company") which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

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 Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of the financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of Agro Tech Foods (Bangladesh) Pvt. Ltd as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.



Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Rahman Rahman Huq
Dhaka, 15 April 2015
RRH


Rahman Rahman Huq


Agro Tech Foods (Bangladesh) Pvt. Ltd.

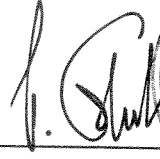
Statement of financial position

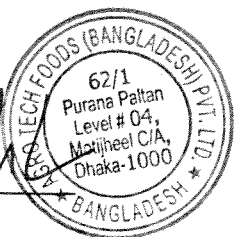
<i>In Taka</i>	<i>Note</i>	31 March 2015	31 March 2014
Assets			
Property, plant and equipment	5	94,772,136	67,483,106
Non-current assets		94,772,136	67,483,106
Advances, deposits and prepayments	6	2,621,402	3,096,434
Deferred tax asset	7	3,240,052	1,538,669
Cash and cash equivalents	8	6,689,574	30,769,500
Inventories	9	1,523,388	-
Current assets		14,074,416	35,404,603
Total assets		108,846,552	102,887,709
Equity			
Share capital	10	100,000,000	100,000,000
Retained earnings		(6,006,551)	(2,554,181)
Total equity		93,993,449	97,445,819
Liabilities			
Trade and other payables	11	14,052,421	5,102,495
Accrued expenses	12	800,682	339,395
Current liabilities		14,853,103	5,441,890
Total liabilities		14,853,103	5,441,890
Total equity and liabilities		108,846,552	102,887,709

The notes from pages 7 to 21 are an integral part of these financial statements.


 Director




 Director



As per our report of same date.

Dhaka, 15 April 2015


RRH

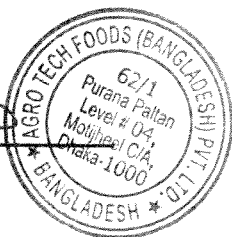

 Auditor

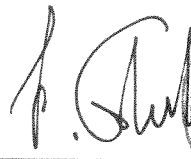
Agro Tech Foods (Bangladesh) Pvt. Ltd.
Statement of profit or loss and other comprehensive income

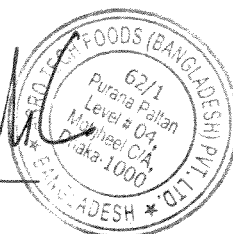
<i>In Taka</i>	<i>Note</i>	For the year ended 31 March	
		2015	2014
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Foreign exchange gain		144,653	295,289
General and administrative expenses	13	(5,297,086)	(3,294,254)
Loss before tax		(5,152,433)	(2,998,965)
Income tax (expenses)/income	14	1,700,063	1,538,669
Loss for the year		(3,452,370)	(1,460,296)
Other comprehensive income		-	-
Total comprehensive income		(3,452,370)	(1,460,296)

The notes from pages 7 to 21 are an integral part of these financial statements.


 Director




 Director



As per our report of same date.



Auditor

Dhaka, 15 April 2015

RRH

Agro Tech Foods (Bangladesh) Pvt. Ltd.
Statement of changes in equity

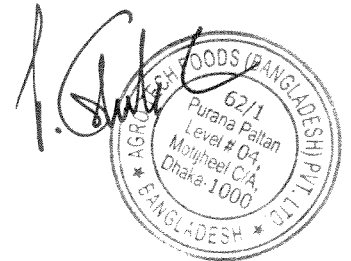
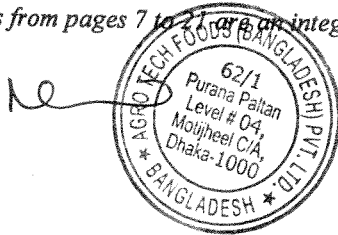
For the year ended 31 March 2015

<i>In Taka</i>	Share capital	Retained earnings	Total
Balance at 1 April 2014	100,000,000	(2,554,181)	97,445,819
Total comprehensive income/(loss)			
Loss for the year	-	(3,452,370)	(3,452,370)
Balance at 31 March 2015	100,000,000	(6,006,551)	93,993,449

For the year ended 31 March 2014

<i>In Taka</i>	Share capital	Retained earnings	Total
Balance at 1 April 2013	50,000,000	(1,093,885)	48,906,115
Total comprehensive income/(loss)			
Loss for the period	-	(1,460,296)	(1,460,296)
Issue of ordinary shares	50,000,000	-	50,000,000
Balance at 31 March 2014	100,000,000	(2,554,181)	97,445,819

The notes from pages 7 to 21 are an integral part of these financial statements.

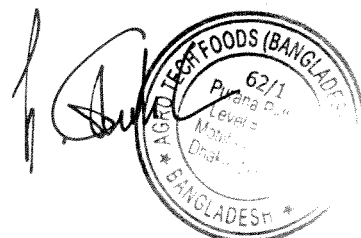
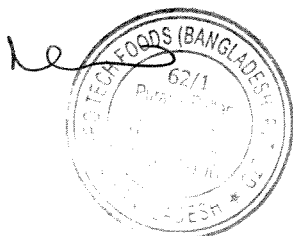


Agro Tech Foods (Bangladesh) Pvt. Ltd.

Statement of cash flows

<i>In Taka</i>	for the year ended 31 March	
	2015	2014
Cash flows from operating activities		
Net profit/(loss) before tax for the year	(5,152,433)	(2,998,965)
Adjustment for:		
– Depreciation	1,741	1,746
– Foreign exchange gain	-	(295,289)
– Loss on fixed assets discarded/sold	30,878	-
– Expense adjustment	133,100	-
	(4,986,714)	(3,292,508)
Changes in:		
– Advances, deposits and prepayments	475,918	(3,096,434)
– Accounts receivable	-	46,812
– Trade and other payables	8,949,926	2,410,608
– Accrued expenses	459,967	131,742
– Inventory	(1,523,388)	-
Cash generated from/(used in) operating activities	3,375,709	(3,799,780)
Income tax paid	(886)	-
Net cash from operating activities	3,374,823	(3,799,780)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(133,100)
Payments for capital work in progress	(27,454,749)	(28,280,225)
Net cash used in investing activities	(27,454,749)	(28,413,325)
Cash flows from financing activities		
Proceed from issue of share capital	-	50,000,000
Net cash generated from financing activities	-	50,000,000
Net increase/(decrease) in cash and cash equivalent	(24,079,926)	17,786,895
Cash and cash equivalents at 1 April	30,769,500	12,982,605
Cash and cash equivalents at 31 March	6,689,574	30,769,500
Closing cash and cash equivalents have been arrived at as follows:		
Cash at bank	6,689,574	30,769,500
Cash and cash equivalents	6,689,574	30,769,500

The notes from pages 7 to 21 are an integral part of these financial statements.



1. Reporting entity

Agro Tech Foods (Bangladesh) Pvt. Ltd. ("the Company") was registered in Bangladesh on 8 April 2012 with an authorised share capital of Tk 50,000,000 divided into 5,000,000 ordinary shares of Tk 10 each. In 2014, the Company increased its authorised share capital to Tk 200,000,000 divided into 20,000,000 ordinary shares of Tk 10 each. It is a subsidiary company of Agro Tech Foods Limited, India.

The Company has taken an initiative to set up a production plant in Bangladesh. The commercial production has not yet started; it is likely to start by the end of the year 2015. Hence no revenue and corresponding cost of sales were recognised during this year.

The address of the registered office of the Company is 20, Comrade Moni Singha Road (Old: 62/1, Purana Paltan), Level-4, Motijheel C/A, Dhaka-1000.

2. Basis of accounting

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the Companies Act 1994.

The title and format of these financial statements follow the requirements of BFRS which is slightly different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management, BFRS format as mentioned in BAS 1 gives a better presentation to the shareholders.

These financial statements have been authorised for issue by the Board of Directors of the Company on 15 April 2015..

3. Functional and presentation currency

The financial statements are prepared in Bangladesh Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka has been rounded to the nearest integer, except where otherwise indicated.

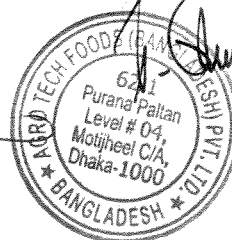
4. Use of estimates and judgments

The preparation of financial statements in conformity with the Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRS) requires management to make judgment, estimates and assumptions that affects the reported amounts of the assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the year reported. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

- Note 5 Property plant and equipment
- Note 12 Accrued expenses



Notes to the financial statements (continued)

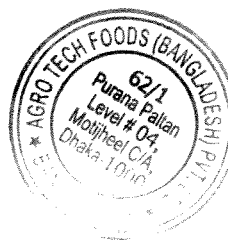
5. Property, plant and equipment
See accounting policies in Notes 24(D)

<i>In Taka</i>	Land	Building	Capital work in progress (Note - 5.1)	Total
Cost				
Balance at 1 April 2013	21,374,850	34,925	2,642,401	24,052,176
Additions	133,100	-	43,300,136	43,433,236
Disposals/transfer	-	-	-	-
Balance at 31 March 2014	21,507,950	34,925	45,942,537	67,485,412
Balance at 1 April 2014	21,507,950	34,925	45,942,537	67,485,412
Additions	-	-	27,454,749	27,454,749
Disposals/transfer	133,100	34,925	-	168,025
Balance at 31 March 2015	21,374,850	-	73,397,286	94,772,136
Accumulated depreciation				
Balance at 1 April 2013	-	560	-	560
Depreciation for the year	-	1,746	-	1,746
Adjustment for disposal	-	-	-	-
Balance at 31 March 2014	-	2,306	-	2,306
Balance at 1 April 2014	-	2,306	-	2,306
Depreciation for the year	-	1,741	-	1,741
Adjustment for disposal	-	(4,047)	-	(4,047)
Balance at 31 March 2015	-	-	-	-
Carrying amounts				
At 31 March 2014	21,507,950	32,619	45,942,537	67,483,106
At 31 March 2015	21,374,850	-	73,397,286	94,772,136

5.1 Capital work in progress
See accounting policies in Notes 24(D)

Capital work in progress represents expenses incurred solely for establishment of the factory in Gazipur, Dhaka.

Handwritten signature



Handwritten signature

6. **Advances, deposits and prepayments**
See accounting policies in Notes 24(F)(i)

<i>In Taka</i>	2015	2014
Advances		
Regency Power Limited	151,000	597,000
Transcom Distribution Co Ltd	-	1,575,522
Dhaka Palli Vidyut Samity - I	367,912	367,912
Bay Engineering & AC Equipment	1,161,351	-
Digital Engravers Ltd	316,653	-
Advance income tax	886	-
Advance to employee	30,000	-
	2,027,802	2,540,434
Deposits		
Dhaka Polly Vidyut Samity for electricity	593,600	556,000
	593,600	556,000
	2,621,402	3,096,434

7. **Deferred Tax Asset**
See accounting policies in Notes 24(G)(ii)

<i>In Taka</i>	2015	2014
Total business income/(loss) current year and previous year	(9,257,292)	(4,103,118)
Applicable tax rate	35%	37.5%
Deferred tax asset	3,240,052	1,538,669

7.1 **Deferred tax (expense)/income**

<i>In Taka</i>	2015	2014
Deferred tax assets at the end of the year	3,240,052	-
Deferred tax assets at the beginning of the year	1,538,669	1,538,669
Deferred tax (expense)/income	1,701,383	1,538,669
Deferred tax (expense)/income resulting from reduction in tax rate	(102,578)	-
Deferred tax (expense)/income related to the origination and reversal of temporary differences	1,803,961	1,538,669
Deferred tax (expense)/income recognised	1,701,383	1,538,669

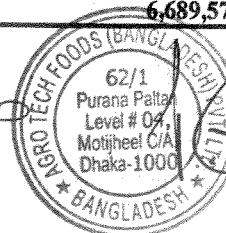
8. **Cash and cash equivalents**
See accounting policies in Notes 24(F)(ii)

<i>In Taka</i>	Note	2015	2014
Cash at bank	8.1	6,689,574	30,769,500
		6,689,574	30,769,500

8.1. **Cash at bank**

Cash at bank represents balance amount at 31 March with The Hongkong and Shanghai Banking Corporation (HSBC).
Details are given below:

<i>In Taka</i>			2015	2014
<u>Name of bank</u>	<u>Name of branch</u>	<u>Account type</u>		
HSBC	Main branch	Current	6,689,574	30,769,500
			6,689,574	30,769,500



9. Inventory

See accounting policies in Notes 24(B)

<i>In Taka</i>	2015	2014
Raw material inventory - corn	1,523,388	-
	1,523,388	-

10. Share capital

See accounting policies in Notes 24(F) (iv)

<i>In Taka</i>	2015	2014
a) Authorised:		
20,000,000 ordinary shares of Taka 10 each	200,000,000	200,000,000
b) Issued, subscribed and fully paid up:		
10,000,000 ordinary shares of Taka 10 each	100,000,000	100,000,000

The shareholdings position at current and corresponding year were as follows:

Name of shareholders	Status	2015		2014	
		% of share holding	Total no. of shares	% of share holding	Total no. of shares
Agro Tech Foods Limited, India	Company	99.990%	9,999,000	99.990%	9,999,000
Mr. N. Narasimha Rao	Individual	0.005%	500	0.005%	500
Dr. Pradip Ghosh Chaudhuri	Individual	0.005%	500	0.005%	500
		100.000%	10,000,000	100.000%	10,000,000

11. Trade and other payable

See accounting policies in Notes 24(F) (ii)

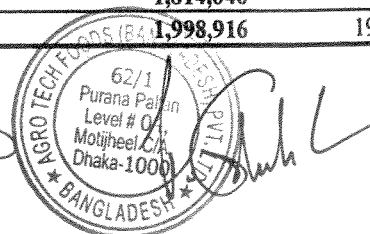
<i>In Taka</i>	Note	2015	2014
Due to related parties	11.1	12,053,505	4,907,700
Other than related parties	11.2	1,998,916	194,795
		14,052,421	5,102,495

11.1 Due to related parties

<i>In Taka</i>	2015	2014
Agro Tech Foods Limited, India	12,053,505	4,907,700
	12,053,505	4,907,700

11.2 Other than related parties

<i>In Taka</i>	2015	2014
Buildtex Technologies Ltd.	34,030	34,030
Account payable - services	150,840	160,765
Modern Structures Limited	1,814,046	-
	1,998,916	194,795



12. **Accrued expenses**
See accounting policies in Notes 24(F) (i)

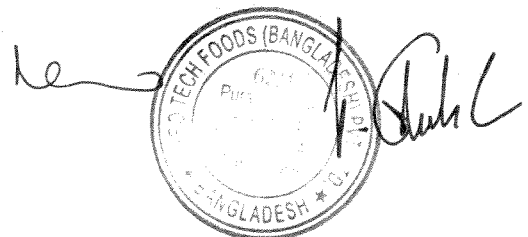
<i>In Taka</i>	2015	2014
Audit fees	180,000	157,500
Legal and professional fees	302,300	95,725
Office rent	5,450	5,450
Tax deducted at source	20,000	24,500
VAT deducted at source	30,000	37,020
Other taxes payable	10,410	-
Packaging Development	251,202	-
Payable to employee	-	19,200
Provision for income tax	1,320	-
	800,682	339,395

13. **General and administrative expenses**

<i>In Taka</i>	2015	2014
Salary and allowances	1,380,000	1,334,336
Bonus	100,000	100,000
Staff welfare expense	585	-
Travelling and conveyance	1,075,873	538,132
Rent expense	65,400	69,000
Rates and taxes	-	-
Audit fees	240,500	201,250
Professional fees	1,192,525	892,681
License fees	48,175	12,386
Bank charge	51,247	21,700
Printing and stationery	-	14,415
Legal charges	16,484	-
Depreciation expenses - building	1,741	1,746
Pest control expenses	220,600	96,000
Security charges	523,068	-
Recruitment expenses	28,750	-
Outward freight	9,419	-
Advertisement and sales promotion	287,215	-
Loss on fixed assets discarded/sold	30,878	-
Communication expenses	4,026	-
Miscellaneous expenses	20,600	12,608
	5,297,086	3,294,254

14. **Income tax (expenses)/income**
See accounting policies in Notes 24(G) (i)

<i>In Taka</i>	Note	2015	2014
Current year tax expense		(1,320)	-
Deferred tax income	7.1	1,701,383	1,538,669
		1,700,063	1,538,669



15. Financial risk management

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

15.1 Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from its customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

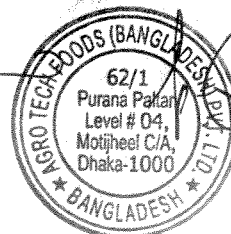
<i>In Taka</i>	2015	2014
Cash and cash equivalent	6,689,574	30,769,500
	6,689,574	30,769,500

15.2. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, 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 Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

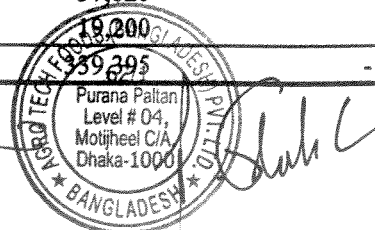


Notes to the financial statements (continued)

The maturity of financial liability is given below:

31 March 2015 <i>In Taka</i>	Total	6 months or less	More than 6 months
Trade and other payables			
Due to related parties			
Agro Tech Foods Limited, India	12,053,505	12,053,505	-
	12,053,505	12,053,505	-
Other than related parties			
Buildtex Technologies Ltd.	34,030	34,030	-
Account payable - services	150,840	150,840	-
Modern Structures Limited	1,814,046	1,814,046	-
	1,998,916	1,998,916	-
Accrued expenses and provision			
Audit fees	180,000	180,000	-
Legal and professional fees	302,300	302,300	-
Office rent	5,450	5,450	-
Tax deducted at source	20,000	20,000	-
VAT deducted at source	30,000	30,000	-
Other taxes payable	10,410	10,410	-
Packaging Development	251,202	251,202	-
Payable to employee	-	-	-
	799,362	799,362	-

31 March 2014 <i>In Taka</i>	Total	6 months or less	More than 6 months
Trade and other payables			
Due to related parties			
Agro Tech Foods Limited, India	4,907,700	4,907,700	-
	4,907,700	4,907,700	-
Other than related parties			
Buildtex Technologies Ltd.	34,030	34,030	-
Account payable - services	160,765	160,765	-
	194,795	194,795	-
Accrued expenses and provision			
Audit fees	157,500	157,500	-
Legal and professional fees	95,725	95,725	-
Office rent	5,450	5,450	-
Tax deducted at source	24,500	24,500	-
VAT deducted at source	37,020	37,020	-
Payable to employee	19,200	19,200	-
	339,395	339,395	-



15.3. Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company'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. Currently the Company is exposed to nominal market risk.

a) Currency risk/foreign exchange rate risk

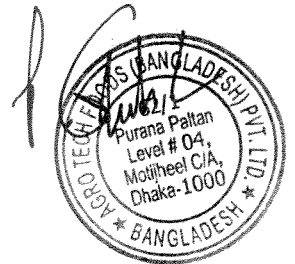
The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2015 INR	2014 INR
<i>Foreign currency denominated liabilities</i>		
Due to related parties	9,686,120	3,799,559
Legal and professional fees payables	-	74,111

b) Interest rate risk

The company is not exposed to any significant interest rate risk because there are no fixed rate or floating rate instruments.

Handwritten signature



Notes to the financial statements (continued)

16. Related party disclosures

During the year ended 31 March 2015, the Company entered into a number of transactions with related parties in the normal course of business. The names of the related parties, and amount thereof have been set out below in accordance with the provisions of *BAS 24: Related Party Disclosures*.

In Taka	Transaction values for the year ended 31 March		Balance outstanding as at 31 March	
	2015	2014	2015	2014
Due to related parties				
Agro Tech Foods Limited, India	7,145,804	103,487,696	12,053,505	4,907,700

Inter-company payable comprises of various expenses reimbursement due to Agro Tech Foods Limited, India.

17. Capital expenditure commitment

Commitment for capital expenditure as at 31 March 2015 was Tk 17,944,466 (2014: Tk 20,409,129) in respect of construction of the factory in Bangladesh.

18. Contingent liability

There is no contingent liability as at 31 March 2015 (2014: Nil).

19. Particulars of employees

The number of employees engaged by the Company for the whole year or part thereof who received a total salary of Tk 36,000 or above was '1' (2014: '1').

20. Events after the reporting date

No material events had occurred after the reporting period to the date of issue of these financial statements, which could affect the values stated in the financial statements.

Handwritten signature and a circular stamp of Agro Tech Foods (Bangladesh) Pvt. Ltd. The stamp contains the following text: 62/1, Purana Pallan, Level # 04, Motijheel C/A, Dhaka-1000.

21. Basis of measurement

The financial statements have been prepared on the historical cost basis except inventories which is measured at lower of cost and net realisable value on each reporting date.

22. Reporting period

The financial period of the Company covers one year from 1 April to 31 March and is followed consistently

23. Going concern assumption

The Company has adequate resources to continue in operation in the foreseeable futures. For this reason going concern basis is adopted in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

24. Significant accounting policies

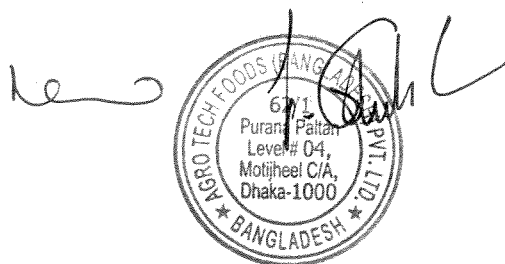
The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

A. Revenue	16
B. Inventory	17
C. Foreign currency transaction	17
D. Property, plant and equipment	17
E. Impairment	18
F. Financial instruments	18
G. Income tax	20
H. Provisions	21
I. Contingencies and commitment	21
J. Finance income and expenses	21
K. Statement of cash flows	21
L. Events after the reporting period	21

A. Revenue

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of return, discount and VAT. Revenue is recognised at the time of raising of sales invoice, when significant risks and rewards of ownership have been transferred to the buyer and recovery of the consideration is probable. transfer of risks and rewards occur from the sale of goods when the product is delivered to the distributors or customers along with dispatch documents and invoices.



B. Inventory

Both raw materials and finished goods inventories are valued at the lower of cost or net realisable value. Cost includes all expenditure incurred for acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is defined as the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

C. Foreign currency transaction

Transactions in foreign currencies are translated to Bangladesh Taka currency at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Resulting exchange differences are recognised in the profit and loss account.

D. Property, plant and equipment

Recognition and measurement

Items of property plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. The cost of self constructed asset includes the cost of material, direct labour and any other cost directly attributable to bringing the assets to a working condition for their intended use.

Subsequent cost

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item 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 costs of the day-to-day servicing of property and equipment are recognised in the profit and loss account as incurred.

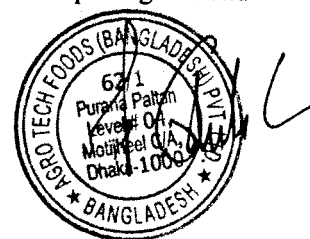
Depreciation

Depreciation on property, plant and equipment is recognised against profit or loss on a straight line method over the estimated useful lives of each part of an item of property, plant and equipment as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. Depreciation is charged for full month in the month of acquisition and no depreciation is charged in the month of disposal. The rates of depreciation based on the useful life of assets are as follows:

Useful lives of assets for depreciation purpose are as follows:

	<u>2015</u> <u>Per annum</u>	<u>2014</u> <u>Per annum</u>
Building	20 Years	20 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined by the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Capital work in progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost.

E. Impairment

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised in the statement of comprehensive income if the carrying amount of asset exceeds its estimated recoverable amount.

F. Financial instruments

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

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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



(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash at bank, cash in hand and cash in transit that are an integral part of the Company's cash management.

Receivable

Receivables are stated at nominal values as reduced by the appropriate allowances for estimated doubtful amounts. However, there was no allowance for doubtful amounts in 2015.

Payables

Trade and other payables are stated at their nominal values.

Due from/to related parties

Due from/to related parties are stated at their nominal values.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.



(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

G. Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit and loss except to the extent that relates to an item recognised directly in equity or in other comprehensive income (OCI).

(i) Current tax

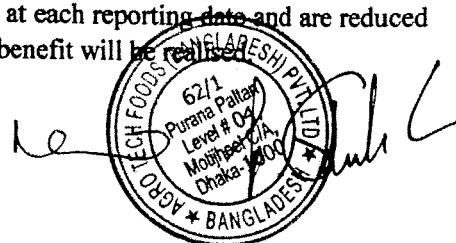
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. As a private limited company, the applicable tax rate for the reporting period was 35% with minimum tax at the rate of zero point three zero (0.30%) percent on gross receipts for the year.

(i) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined at the effective income tax rate prevailing at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax is not recognised for:

- a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.
- b) Temporary differences related to investment in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and
- c) Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



H. Provisions

Provisions are recognised on the reporting date if the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

I. Contingencies and commitment

Contingencies arising from claims, litigation assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset should not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

J. Finance income and expenses

The Company's finance income and finance costs include:

- interest income
- interest expense

Interest income or expense is recognised using the effective interest method.

K. Statement of cash flows

Cash flows from operating activities is presented under indirect method as per BAS 7 Statement of cash flows.

L. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

