

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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Independent Auditor's Report

To,
The Shareholder,
Panol Industries RMC FZE,
RAK Maritime City,
Ras Al Khaimah - United Arab Emirates.

Report on the audit of the financial statements:

Opinion:

We have audited the accompanying financial statements of PANOL INDUSTRIES RMC FZE, ("the Establishment"), which comprise of the statement of financial position for the year ended **March 31, 2020**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

An independent confirmation from the bank in respect of the entity's bank accounts balances, trade receivable, trade payable short-term borrowings and any related information is still awaited.

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the financial position of PANOL INDUSTRIES RMC FZE ("the Establishment") as at **March 31, 2020** and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of the report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Entity's financial statements in the United Arab Emirates. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Furthermore, the management has compiled the financial statements on the basis of information, evidence and data that was available.

Other Matter:

We draw attention to company's revenue are outside the scope of UAE VAT as per special VAT treatment of Designated Zones rules and management explanation.



Independent Audit's Report - PANOL INDUSTRIES RMC FZE - 31 March 2020 - Continued..

Responsibilities of the management and those charged with governance for the financial statements:

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), Federal Decree-Law No. (7), (8) of 2017 on Value Added Tax (VAT) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management and those charged with governance are responsible for overseeing the company's financial reporting process.

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Auditor's responsibilities for the audit of the financial statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements:

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that we have obtained all the information and explanations that we considered necessary for the purpose of our audit. According to the information made available to us, we are not aware of any contraventions of the UAE Federal Law No. (2) of 2015 (as amended), or the Entity's Articles of Association; which may materially effect on the financial position of the Entity or the result of its operations for the year then ended.

The accounting policies and notes are an integral part of these financial statements.



Mubarak Al Ketbi Chartered Accountants
Mubarak Saeed Bakhit Alketbi (Reg. # 958)
Dubai, United Arab Emirates

May 20, 2020

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		31/03/2020	31/03/2019
	Note	AED	AED
Non-Current Assets			
Property, Plant and Equipment	4	32,638,525	26,900,674
Long-term loans and advances		-	4,576,370
		32,638,525	31,477,044
Current Assets			
Cash And Cash Equivalents	5	177,288	2,047,721
Inventories	6	30,208,207	38,628,526
Trade Receivable	7	29,562,597	26,608,327
Advances, Deposits And Prepayments	8	4,337,421	3,900,900
		64,285,513	71,185,474
TOTAL ASSETS		96,924,038	102,662,518
Current Liabilities			
Trade Payable	9	18,136,870	19,053,912
Other Accounts Payable	10	175,091	2,851,232
Short Term Borrowings	11	24,073,552	29,262,932
		42,385,513	51,168,076
Total Liabilities		42,385,513	51,168,076
Equity			
Share Capital	2	33,018,000	33,018,000
Retained Earnings		21,520,525	18,476,442
Total Equity		54,538,525	51,494,442
TOTAL LIABILITIES & EQUITY		96,924,038	102,662,518

The accounting policies and notes on pages 7 - 16 form an integral part of these financial statements.

The independent auditors' report is set forth on page 1 - 2.

I declare that all records, information, and explanation provided for the preparation of accompanying financial statements is true, accurate, and complete to the best of my knowledge and belief; and have been approved and signed by the undersigned on 20-May-2020.

For and on the behalf of :- PANOL INDUSTRIES RMC FZE



 Authorized signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020

		31/03/2020	31/03/2019
	Note	AED	AED
Revenue	12	98,098,735	100,602,268
Cost of Revenue	13	(80,264,915)	(82,858,915)
Gross profit		17,833,820	17,743,353
Operating And Administrative Expenses	14	(11,461,531)	(8,220,855)
Depreciation	4	(1,245,973)	(1,051,444)
Operating profit		5,126,316	8,471,054
Other Income		207,573	97,430
Exchange (Loss)		(166,825)	(44,993)
Financials Charges	15	(2,122,981)	(2,950,787)
Net profit for the year		3,044,083	5,572,704

The accounting policies and notes on pages 7 - 16 form an integral part of these financial statements.

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I declare that all records, information, and explanation provided for the preparation of accompanying financial statements is true, accurate, and complete to the best of my knowledge and belief; and have been approved and signed by the undersigned on 20-May-2020.

For and on the behalf of :- **PANOL INDUSTRIES RMC FZE**


 Authorized signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020

	Share Capital AED	Retained Earnings AED	Total AED
Balance at 01-Apr-2018	33,018,000	12,903,738	45,921,738
Net profit for the year	-	5,572,704	5,572,704
Balance at 31-Mar-2019	33,018,000	18,476,442	51,494,442
Net profit for the year	-	3,044,083	3,044,083
Balance at 31-Mar-2020	<u>33,018,000</u>	<u>21,520,525</u>	<u>54,538,525</u>

The accounting policies and notes on pages 7 - 16 form an integral part of these financial statements.

The independent auditors' report is set forth on page 1 - 2.

The accompanying financial statements have been approved and signed by the undersigned on 20-May-2020.

For and on the behalf of:- PANOL INDUSTRIES RMC FZE

Authorized signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020

	31/03/2020	31/03/2019
Note	AED	AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	3,044,083	5,572,704
Adjustments for:		
Depreciation on property, plant and equipment	4 1,245,973	1,051,444
Operating profit before changes in operating activities:	4,290,056	6,624,148
(Increase)/Decrease in current assets:		
Inventories	5 8,420,319	(10,106,872)
Trade Receivable	6 (2,954,270)	(25,566,035)
Advances, Deposits And Prepayments	7 (436,521)	8,513,931
Increase/(Decrease) in current liabilities:		
Trade Payable	9 (917,042)	(1,098,097)
Other Accounts Payable	10 (2,676,141)	2,655,000
Short Term Borrowings	11 (5,189,380)	20,496,356
Net cash flow (used in)/generated from operating activities - (A)	537,021	1,518,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	4 (6,983,824)	(3,146,211)
Long-term loans and advances	4,576,370	1,243,969
Capital work in progress	-	1,200,000
Net cash flow (used in)/generated from investing activities - (B)	(2,407,454)	(702,242)
Net Increase/(Decrease) in cash and cash equivalents - (A+B)	(1,870,433)	816,189
Cash and cash equivalents at beginning of the year	2,047,721	1,231,532
Cash and cash equivalents at end of the year	5 177,288	2,047,721

The accounting policies and notes on pages 7 - 16 form an integral part of these financial statements.

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The accompanying financial statements have been approved and signed by the undersigned on 20-May-2020.

For and on the behalf of:- PANOL INDUSTRIES RMC FZE

Authorized signatory



**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020**

1 LEGAL STATUS AND BUSINESS ACTIVITY

- 1.1 PANOL INDUSTRIES RMC FZE (the Entity) was registered on 07-03-2012 in RAK Maritime City, Ras Al Khaimah, U.A.E. The entity registered address is P.O.Box: 5130, Rak Maritime City, Ras Al Khaimah, U.A.E.
- 1.2 The principle activities of the company are Grease and Lubricant Manufacturing, under the License no. RMC 07 12 0001.
- 1.3 The management and control are vested with Mr. Samir Rayani.
- 1.4 Mr. Samir Rayani, Mr. Amin Rayani and Mr. Mukesh Mehta appointed as director's of Panol Industries RMC FZE.
- 1.5 Tax registration number 100324047800003.

2 SHAREHOLDING

The shareholding of the entity is as follows:

Name of the Shareholders	No. of shares	Value per share	AED Value of shares
M/S. Panama Petrochem Ltd.	33018	1,000	33,018,000
Total	33018	1,000	33,018,000

The authorized and paid up share capital of the establishment is AED 33,018,000/- divided into 33018 shares of AED 1,000/- each.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 1 January 2018 and the applicable requirements of the local laws and regulations.

ii) Accounting convention and Going concern

These financial statements have been prepared under the historical cost convention and going concern basis.

iii) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in UAE Dirhams (AED), which is the Company's functional currency.

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iv) Changes in accounting policies and disclosures:

New and amended standards, and interpretations effective for the first time and applied:

The following new accounting standards became applicable for the financial year beginning on or after 1 January 2018 and the Company had to change its accounting policies and make appropriate adjustments as a result of adopting these standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

Below are the other amendments and interpretations applied for the first time in 2018, but do not have an impact on the financial statements of the Company.

New interpretations:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)
- Amendments to IFRS 1 and IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016)
- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016)
- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016)

Amendments to existing standards:

- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)

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

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning on 1 January 2018.

The management anticipates that the new standards and amendments will be adopted in the Company statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

New standards:

- IFRS 16 Leases (effective from 1 January 2019)
- IFRS 17 Insurance Contracts (effective from 1 January 2021)

New interpretations:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

Amendments to existing standards:

- Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (effective from 1 January 2019)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (available for optional adoption / effective date deferred indefinitely)
- Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
- Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards (effective from 1 January 2019)
- Amendments to References to Conceptual Framework in IFRS Standards (effective from 1 January 2020)

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3.2 Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

a) Revenue recognition

IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Revenue from contracts with customers:

- Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.*
- Step 2. Identify the performance obligations in the contract; A performance obligation in a contract is a promise to transfer a good or service to the customer.*
- Step 3. Determine the transaction price; Transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.*
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.*
- Step 5. Recognise revenue as and when the Establishment satisfies a performance obligation.*

In cases where the Company determined the performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

b) Financial instruments

Classification and measurement of financial assets:

Financial assets are classified, at initial recognition as measured at (a) amortised cost; (b) Fair Value through Other Comprehensive Income (FVOCI); or (c) Fair Value through Profit or Loss (FVTPL).

Derecognition of financial assets:

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired; and (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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Impairment of financial assets:

IFRS 9 replaced the incurred loss model followed under IAS 39 with a forward looking expected credit loss (ECL) model. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and measurement of financial liabilities:

Financial liabilities are classified, at initial recognition as measured at (a) financial liabilities at FVTPL; or (b) at amortised cost; or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, wherever applicable.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) *Offsetting of financial instruments:*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) *Fair value measurement:*

The Company measures financial instruments, such as investment in securities and hedges, at fair value at each statement of financial position date.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

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e) Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current or non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

It is expected to be settled in normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

f) Trade and other receivables

Trade and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses. An impairment allowance is calculated using the ECL approach as defined in IFRS 9. Bad debts are written off when there is no possibility of recovery.

Trade and other receivables are confirmed by management through Management Representation Letter (MRL) and these are good and recoverable in the opinion of the management.

g) Cash and cash equivalents

For the purpose of presenting in the statement of cash flows, cash and cash equivalents include cash on hand, and cash with banks only in current accounts.

h) Equity

Ordinary shares are classified as equity. The considerations received are shown in equity after deduction of incremental costs directly attributable to the issue of shares.

i) Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are paid on cash basis over the period of employment.

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j) *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within the required time. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are confirmed by management through Management Representation Letter (MRL) and these are good and payables in the opinion of the management.

k) *Finance costs*

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

l) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m) *Operating leases*

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

n) *Foreign currency transaction and translation*

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the period-end are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in combined statement of comprehensive income for the period.

o) *Significant accounting judgements, estimates and assumptions*

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingencies and commitments at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020

4 PROPERTY, PLANT AND EQUIPMENT	Factory Building	Plant and Machinery	Motor Vehicles	Office Equipments	Furniture and Fixtures	Laboratory Equipments	Total
Cost							
As at 01 April 2019	9,745,390	20,975,245	387,303	54,799	20,478	45,224	31,228,439
Addition / (deletion)	6,385,082	484,376	-	112,809	1,557	-	6,983,824
As at 31 March 2020	16,130,472	21,459,621	387,303	167,608	22,035	45,224	38,212,263
Accumulated depreciation							
As at 01 April 2019	1,308,564	2,833,532	131,470	29,579	7,811	16,809	4,327,765
Charge for the year	368,018	805,191	45,992	20,420	2,056	4,296	1,245,973
As at 31 March 2020	1,676,582	3,638,723	177,462	49,999	9,867	21,105	5,573,738
Net book value							
As at 31 March 2020	14,453,890	17,820,898	209,841	117,609	12,168	24,119	32,638,525
As at 31 March 2019	8,436,826	18,141,713	255,833	25,220	12,667	28,415	26,900,674

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NOTES TO THE FINANCIAL STATEMENTS
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	31/03/2020	31/03/2019
	AED	AED
5 CASH AND CASH EQUIVALENTS		
Cash in Hand and Cash at Bank	177,288	2,047,721
	<u>177,288</u>	<u>2,047,721</u>
6 INVENTORIES		
Inventories	30,208,207	38,628,526
<i>*Confirmed and counted by management.</i>	<u>30,208,207</u>	<u>38,628,526</u>
7 TRADE RECEIVABLE		
Trade Receivable	29,562,597	26,608,327
	<u>29,562,597</u>	<u>26,608,327</u>
8 ADVANCES, DEPOSITS AND PREPAYMENTS		
Prepaid Expenses	115,962	99,751
Interest receivable on fixed deposits	22,927	43,217
Advances to supplier	685,903	4,847
Deposits	89,730	53,030
Other Receivables	3,422,899	3,700,055
	<u>4,337,421</u>	<u>3,900,900</u>
9 TRADE PAYABLE		
Trade Payables	18,136,870	19,053,912
	<u>18,136,870</u>	<u>19,053,912</u>
10 OTHER ACCOUNTS PAYABLE		
Payable to Holding company	56,790	436,166
Advance Received Against Orders	87,501	2,388,066
Accrued Salaries and Wages	23,300	17,000
Other Payables	7,500	10,000
	<u>175,091</u>	<u>2,851,232</u>
11 SHORT TERM BORROWINGS		
Secured Borrowings	24,073,552	29,262,932
	<u>24,073,552</u>	<u>29,262,932</u>
12 REVENUE		
Sales - net	98,098,735	100,602,268
	<u>98,098,735</u>	<u>100,602,268</u>

**PANOL INDUSTRIES RMC FZE
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FOR THE PERIOD FROM 01 APRIL 2019 TO 31 MARCH 2020**

	31/03/2020	31/03/2019
	AED	AED
13 COST OF REVENUE		
Opening Inventory	38,628,526	28,521,654
Purchases (Include Direct Expenses)	71,844,596	92,965,787
Closing Inventory	<u>(30,208,207)</u>	<u>(38,628,526)</u>
	<u>80,264,915</u>	<u>82,858,915</u>
14 OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries and Benefits	377,674	250,896
Legal, Professional and Visa Charges	804,439	656,917
Rent, Rates and Taxes	360,769	404,296
Travelling and Conveyance	125,844	225,717
Power and Fuel	278,030	50,280
Water Charges	42,332	32,871
Brokerage and Commission	621,193	139,935
Telephone and Courier Charges	30,203	27,679
Insurance	222,904	198,125
Business Promotion	927	56,412
Repair and Maintenance	282,232	119,747
Clearing & Forwarding Expenses	7,623,834	6,038,363
Bad debts	624,417	-
Other Expenses	66,733	19,617
	<u>11,461,531</u>	<u>8,220,855</u>
15 FINANCIALS CHARGES		
Interest Expense	1,656,989	2,135,413
Bank Charges	465,992	815,374
	<u>2,122,981</u>	<u>2,950,787</u>

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
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16 FINANCIAL RISK MANAGEMENT

The primary risks to which the business is exposed comprise credit, currency and liquidity and cash flow interest rate risks.

i- Credit risk

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 credit risk on liquid funds is limited because the counter parties are banks which are registered in the United Arab Emirates. The Company is not exposed to any other credit risk.

ii- Currency risk

There are no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED.

iii- Liquidity risk

The Establishment limits its liquidity risk by ensuring sufficient cash and bank current and term deposit balances are held. At present, the Entity expects to pay all other liabilities at their contractual maturity and it expects to generate sufficient cash flows to do so.

iv- Interest rate risk

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

17 FAIR VALUE

Financial assets include: cash and cash equivalents. Financial liabilities include accrued expenses. The fair values of financial instruments are not materially different from their carrying value.

18 CAPITAL COMMITMENTS

There are no material capital commitments at the reporting date.

19 CONTINGENT LIABILITIES

There has been no known contingent liabilities on Entity's financial statements as of reporting date.

The accounting policies and notes on pages 7 - 16 form an integral part of these financial statements.

The independent auditors' report is set forth on page 1 - 2.

The accompanying financial statements have been approved and signed by the undersigned on 20-May-2020.

For and on the behalf of:- PANOL INDUSTRIES RMC FZE


Authorized signatory

