

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
31 MARCH 2017**

| CONTENTS | PAGE |
|--|---------------|
| AUDITORS' REPORT | 1 |
| STATEMENT OF FINANCIAL POSITION | 2 |
| STATEMENT OF COMPREHENSIVE INCOME | 3 |
| STATEMENT OF CHANGES IN EQUITY | 4 |
| STATEMENT OF CASH FLOWS | 5 |
| NOTES TO THE FINANCIAL STATEMENTS | 6 - 13 |

01 May 2017

**Panol Industries RMC FZE,
Rak Free Trade Zone, Ras Al khaimah, U.A.E.****INDEPENDENT AUDITOR'S REPORT****Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s Panol Industries RMC FZE, Rak Free Trade Zone, Ras Al khaimah, U.A.E** which comprise the statement of financial position as of March 31, 2017, comprehensive income statement, statement of changes in owner's equity and cash flow statement for the period (from April 01, 2016 to March 31, 2017) then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

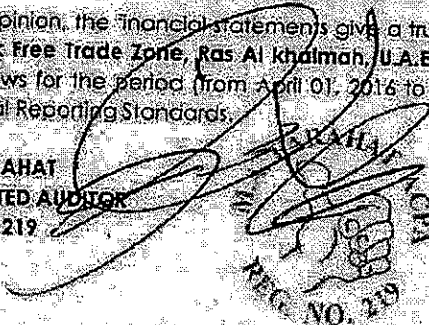
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 **Panol Industries RMC FZE, Rak Free Trade Zone, Ras Al khaimah, U.A.E** as of March 31, 2017, and of its financial performance and its cash flows for the period (from April 01, 2016 to March 31, 2017) then ended in accordance with International Financial Reporting Standards.

M.A. FARAHAT
REGULATED AUDITOR
REG. NO. 219



(1)

Dubai - U.A.E
P.O. Box 4647
Tel +9714 2500251, 2662801
Fax +9714 2501548; 2693625

Certified ISO 9001:2008 Company
Established in 1985 U.A.E.


Sharjah - U.A.E
P.O. Box 3035
Tel +9716 5637720
Fax +9716 5637721

Email: info@farahatco.comWeb: <http://www.farahatco.com>

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

| | Note | 31 March 2017 | 31 March 2016 |
|-------------------------------------|------|----------------------|-------------------|
| | | Arab Emirates Dirham | |
| NON - CURRENT ASSETS | | | |
| Fixed Asset | 4 | 25,600,088 | 25,322,257 |
| Capital work in progress | | - | - |
| CURRENT ASSETS | | | |
| Inventory | 5 | 41,074,980 | 16,227,357 |
| Trade receivables | 6 | 3,672,760 | 10,309,385 |
| Advances, deposits and prepayments | 7 | 11,043,389 | 5,621,411 |
| Cash and cash equivalents | 8 | 1,748,671 | 1,811,456 |
| | | 57,539,800 | 33,969,609 |
| CURRENT LIABILITIES | | | |
| Trade payables | 9 | 31,023,686 | 3,491,601 |
| Short Term borrowings | 10 | 11,222,746 | 15,879,449 |
| Other payable | 11 | 144,022 | 362,579 |
| | | 42,390,454 | 19,733,629 |
| NET CURRENT ASSETS | | 15,149,346 | 14,235,980 |
| NET ASSETS | | 40,749,434 | 39,558,237 |
| EQUITY AND LIABILITIES | | | |
| EQUITY FUNDS | | | |
| Share capital | 2 | 33,018,000 | 33,018,000 |
| Retained earnings | | 7,731,434 | 6,540,237 |
| | | 40,749,434 | 39,558,237 |
| TOTAL EQUITY AND LIABILITIES | | 40,749,434 | 39,558,237 |

The annexed notes on pages 6 to 13 form an integral part of these financial statements.




 Authorized Signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

| | Note | 31 March 2017 | 31 March 2016 |
|--|------|-------------------|-------------------|
| Arab Emirates Dirham | | | |
| SALES | | 59,322,236 | 48,808,526 |
| Cost of sales | 12 | (53,902,964) | (42,753,887) |
| GROSS PROFIT | | 5,419,272 | 6,054,639 |
| Admin, selling and general expenses | 13 | (3,152,394) | (2,851,104) |
| OPERATING PROFIT | | 2,266,938 | 3,203,535 |
| Indirect income: | | 18,250 | 5,479 |
| Financial charges | | (1,093,991) | (808,187) |
| COMPREHENSIVE INCOME FOR THE YEAR | | 1,191,197 | 2,400,827 |

The annexed notes on pages 6 to 13 form an integral part of these financial statements.



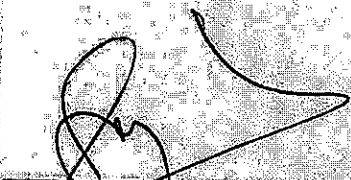
 Authorized Signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

| | Share capital | Retained earnings | Total |
|-----------------------------------|------------------|----------------------|------------|
| Arab Emirates Dirham | | | |
| As at 01 April 2015 | 33,018,000 | 4,139,410 | 37,157,410 |
| Comprehensive income for the year | - | 2,400,827 | 2,400,827 |
| As at 31 March 2016 | 33,018,000 | 6,540,237 | 39,558,237 |
| Comprehensive income for the year | - | 1,191,197 | 1,191,197 |
| As at 31 March 2017 | 33,018,000 | 7,731,434 | 40,749,434 |

The annexed notes on pages 6 to 13 form an integral part of these financial statements.




 Authorized Signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

| Note | 31 March 2017 | 31 March 2016 |
|--|--------------------|--------------------|
| Arab Emirates Dirham | | |
| Cash flows from operating activities | | |
| Comprehensive Income for the year | 1,191,197 | 2,400,827 |
| Adjustments for: | | |
| Depreciation | 969,444 | 922,644 |
| Operating Income before changes in operating assets and liabilities | 2,160,641 | 3,323,471 |
| Decrease / (Increase) in trade receivables | (24,847,623) | (7,854,697) |
| (Increase) / Decrease in trade receivables | 6,636,625 | 4,545,230 |
| (Increase) in advances, deposits and prepayments | (5,421,978) | (1,679,864) |
| Increase / (Decrease) in trade payables | 27,532,085 | (1,567,663) |
| (Decrease) / Increase in Short Term borrowings | (4,656,703) | 5,715,431 |
| Increase in Other payables | (218,557) | 292,536 |
| Net cash flow (used in) / from operating activities (A) | 1,184,490 | 2,774,444 |
| Cash flows from investing activities | | |
| Increase in Fixed Assets | (1,247,275) | (1,240,503) |
| Capital work in progress | | |
| Net cash flow (used in) investing activities (B) | (1,247,275) | (1,240,503) |
| Net (decrease) / increase in cash and cash equivalents (A+B) | (62,785) | 1,533,941 |
| Cash and cash equivalents at beginning of the year | 1,811,456 | 277,515 |
| Cash and cash equivalents at end of the period / year | 1,748,671 | 1,811,456 |

The annexed notes on pages 6 to 13 form an integral part of these financial statements.


 Authorized Signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

- 1.1 Panol Industries RMC FZE (the Establishment) is registered on 03 July 2012 as a free zone limited liability establishment in RAK Maritime City Free Zone, Ras Al Khaimah - United Arab Emirates.
- 1.2 The principal activity of the establishment is grease and lubricant manufacturing.
- 1.3 The management and control are vested with M/S. Panama Petrochem Ltd.
- 1.4 The registered address of the establishment is P.O.Box. 5130, Rak Maritime City, Ras Al Khaimah - U.A.E.
- 1.5 Mr. Samir Rayani and Mr. Amin Rayani appointed as director's of Panol Industries RMC FZE.

2. SHARE CAPITAL

The share capital and shareholding of the establishment is as follows:

| Name | Nationality | No. of shares | Value per share | Total AED |
|-------------------------------|-------------|---------------|-----------------|-------------------|
| 1. M/S. Panama Petrochem Ltd. | India | 33,018 | 1,000 | 33,018,000 |
| | | <u>33018</u> | | <u>33,018,000</u> |

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted and which have been consistently applied are as follows:

3.1 Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 8 of 1984, as amended.

3.1.1 Changes in accounting policy and disclosures

(a) New and amended standard adopted by the company

There are no IFRS and IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the entity.

(b) New standards and Interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

New standards and Interpretations not yet adopted

- (i) **IAS 1, 'Financial statement presentation'** regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- (ii) **IAS 19, 'Employee benefits'**, was amended in June 2011. The impact on the group will be as follows: to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The group is yet to assess the full impact of the amendments.
- (iii) **IFRS 13, 'Fair value measurement'**, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
- (iv) **IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.
- (v) **IFRS 12, 'Disclosures of interests in other entities'**, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

3.2 Presentation currency

These financial statements have been expressed in UAE Dirham, which is the functional and domicile currency of the company.

The figures have been rounded off to the nearest UAE Dirhams.

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

3.3 Foreign currency transaction and translation

Transactions in foreign currencies are converted into UAE Dirhams at the rate of exchange ruling on the date of transaction. All assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items at year end exchange rates, are charges to the statement of comprehensive income.

3.4 Intangible assets

An intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and costs of such assets can be measured reliably.

Intangible assets is amortized from the month when such asset is available for use on straight line method over its useful economic life.

3.5 Impairment of assets

The carrying value of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds it recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment loss are charged to the statement of comprehensive income.

3.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to offset the recognized amounts and the company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3.7 Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that company will not be able to collect all amounts due according to the original term of the Accounts receivable. The provision for doubtful debt is charged to the statement of comprehensive income for the year. When the trade receivables are uncollectible, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

3.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the FIFO methods. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are easily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.10 Accounts and other payable

Liabilities for creditors and other payables are carried out at cost which is the fair value of the consideration to be paid in the future for the goods or services received whether or not billed.

3.11 Provisions

Provisions are recognized when a company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made.

3.12 Revenue recognition

Revenue from sales is recognized when all the following conditions have been satisfied;

- (i) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) The amount of revenue can be measured reliably;
- (iii) It is probable that the economic benefit associated with the transaction will flow to the entity; and
- (iv) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.13 Employees' end of service benefits

The amounts required to cover end of service benefits (gratuity) at the balance sheet date are computed as per the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and current basic salary at the end of reporting period.

Employees' end of service benefits are accounted on cash basis payment.

3.14 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

| | Note | 31 March 2017 | 31 March 2016 |
|---|------|---------------|---------------|
| Arab Emirates Dirham | | | |
| 5 INVENTORY | | | |
| Inventory | | 41,074,980 | 16,227,357 |
| 6 TRADE RECEIVABLES | | | |
| Trade receivables | | 3,672,760 | 10,309,385 |
| Aging | | | |
| 1 to 30 days | | 127,795 | - |
| 31 to 60 days | | 142,241 | 10,211,609 |
| 61 to 90 days | | 3,195,430 | 97,776 |
| Above 90 days | | 207,294 | - |
| | | 3,672,760 | 10,309,385 |
| 7 ADVANCES, DEPOSITS AND PREPAYMENTS | | | |
| Advances to suppliers | | 8,928,307 | 4,721,288 |
| Prepayments | | 219,457 | 150,123 |
| Other advances | | 1,895,625 | 750,000 |
| | | 11,043,389 | 5,621,411 |
| 8 CASH AND CASH EQUIVALENTS | | | |
| Cash In Hand | | 109,385 | 56,104 |
| Cash at bank | | 1,639,286 | 1,755,352 |
| | | 1,748,671 | 1,811,456 |
| 9 TRADE PAYABLES | | | |
| Trade payables | | 31,023,686 | 3,491,601 |
| Aging | | | |
| 1 to 30 days | | 76,568 | - |
| 31 to 60 days | | 14,095 | 3,474,133 |
| 61 to 90 days | | 16,001,632 | 17,458 |
| Above 90 days | | 14,931,391 | - |
| | | 31,023,686 | 3,491,601 |
| 10 SHORT TERM BORROWINGS | | | |
| Secured borrowings | | 11,222,746 | 15,879,449 |

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017

| | Note | 31 March 2017 | 31 March 2016 |
|---|------|-------------------|-------------------|
| Arab Emirates Dirham | | | |
| 11 OTHER PAYABLES | | | |
| Payable to Holding company | | 65,414 | 274,579 |
| Advance received against orders | | 30,608 | - |
| Accrued salaries and wages | | 48,000 | 88,000 |
| | | 144,022 | 362,579 |
| 12 COST OF SALES | | | |
| Opening Stock | | 16,227,357 | 8,372,660 |
| Purchase (Included direct expenses) | | 78,750,587 | 50,608,584 |
| Closing Stock | | (41,074,980) | (16,227,357) |
| | | 53,902,964 | 42,753,887 |
| 13 ADMIN, SELLING AND GENERAL EXPENSES | | | |
| Salaries and benefits | | 593,989 | 512,681 |
| Legal professional and visa charges | | 81,982 | 94,586 |
| Rent, rates and taxes | | 328,280 | 335,640 |
| Travelling and conveyance | | 106,771 | 145,317 |
| Power and fuel | | 117,377 | 53,966 |
| Water charges | | 34,105 | 32,700 |
| Telephone and courier charges | | 9,505 | 5,269 |
| Insurance | | 88,919 | 71,652 |
| Business promotion | | - | 5,200 |
| Exchange rate loss | | 26,515 | 40,793 |
| Commission | | - | 56,569 |
| Freight outwards | | - | 13,300 |
| Repair and maintenance | | 134,856 | 52,957 |
| Clearing & forwarding expenses | | 651,897 | 497,309 |
| Depreciation | | 969,444 | 922,644 |
| Other expenses | 4 | 8,694 | 10,521 |
| | | 3,152,334 | 2,851,104 |

14 FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

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

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FROM 01 APRIL 2016 TO 31 MARCH 2017**

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank balances and trade and other receivables.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The company's bank accounts are placed with high credit quality financial institutions.

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

15 FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortized cost approximates to their carrying values.

16 CONTINGENCIES AND COMMITMENTS

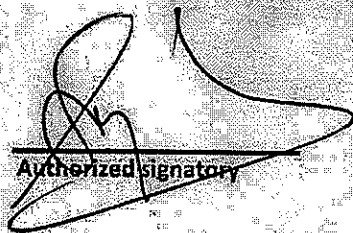
Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or commitment on entity's financial statements as of financial position date.

17 GENERAL

Comparative figures are not strictly comparable as these comprise operating results for 12 months from 1st April, 2015 to 31st March, 2016 while current figures comprise operating results for 6 months from 1st April, 2016 to 31st December, 2016.

18 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the shareholder's of the establishment on 13 May, 2017.


Authorized signatory

