

GRAVITA GLOBAL PTE. LTD.

(ACRA REGISTRATION NO. 201204623C)

(Incorporated in Singapore)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

GRAVITA GLOBAL PTE. LTD.
(Incorporated in Singapore)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

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GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

DIRECTORS' STATEMENT

For the financial year ended 31st March 2016

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31st March 2016.

We, the directors of Gravita Global Pte.Ltd. hereby state that;

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto as set out on pages 4 to 33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended;
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- (c) management is responsible for the preparation of financial statements that gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Directors

The directors of the Company in office at the date of this statement are as follows:

Rajat Agrawal
Yogesh Malhotra
Kalyanasundaram Maran

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Company <i>(No. of ordinary shares)</i>	<u>At 31st</u> <u>March</u> <u>2016</u>	<u>At 1st April 2015</u> <u>or date of</u> <u>appointment if</u> <u>later</u>	<u>At 31st</u> <u>March 2016</u>	<u>At 1st April 2015</u> <u>or date of</u> <u>appointment if</u> <u>later</u>
Rajat Agrawal	-	-	32,677,725	32,677,725
Yogesh Malhotra	-	-	-	-
Kalyanasundaram Maran	-	-	-	-
Immediate and Ultimate Holding Corporation Gravita India Limited (No. of ordinary shares)	<u>1,345,000</u>	<u>1,345,000</u>	<u>-</u>	<u>-</u>

GRAVITA GLOBAL PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT (CONTINUED)
For the financial year ended 31st March 2016

The immediate & ultimate holding company of the Company is Gravita India Limited, a Company incorporated in India.

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

- (b) The directors' interest in the ordinary shares of the Company as at **14 MAY 2016** were the same as those as at 31st March 2016.

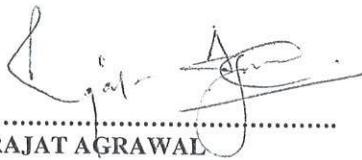
Share Options

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up un-issued shares. Further at the end of financial year, there were no un-issued shares of the Company under option.

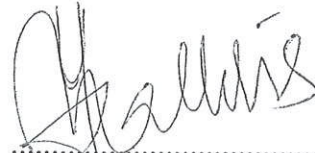
Independent Auditors

The Independent auditors, Stamford Associates LLP, Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board



.....
RAJAT AGRAWAL
Director



.....
YOGESH MALHOTRA
Director

SINGAPORE

Dated: **14 MAY 2016**



**Independent Auditor's Report
To the Members of GRAVITA GLOBAL PTE. LTD.
REGISTRATION NO. 201204623C**

Report on the Financial Statements

We have audited the accompanying financial statements of **Gravita Global Pte. Ltd** (the "Company") as set out on pages 4 to 33, which comprise the statement of financial position of the Company as at 31st March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that gives a true and fair view in accordance with the provision of the Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 Singapore 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 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 and of financial statements that gives 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 of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31st March 2016, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

We draw attention to the fact in note 22.1(d) where the overall impairment of investment in subsidiaries is assessed based on fair value of net assets / (liabilities) as per unaudited financial statements of those subsidiaries. Have those financial statements would have been audited; the impairment assessment could have been assessed differently depending on variations if any between audited and unaudited financial statements of those subsidiaries.


STAMFORD ASSOCIATES LLP
Public Accountants and Chartered Accountants

SINGAPORE, 14th May 2016

GRAVITA GLOBAL PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
ASSETS			
Non-current assets			
Property, plant and equipment	4	-	346
Investment in Subsidiaries	5	1,441,010	1,419,760
		<u>1,441,010</u>	<u>1,420,106</u>
Current assets			
Inventories	6	-	30,726
Trade and other receivables	7	273,060	566,102
Cash and cash equivalents	10	17,242	35,964
		<u>290,302</u>	<u>632,792</u>
Total assets		<u>1,731,312</u>	<u>2,052,898</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	(7,102)	(272,473)
Provision for taxation	18	-	(21,033)
		<u>(7,102)</u>	<u>(293,506)</u>
Non-current liabilities			
Deferred tax liability	17	-	-
		<u>-</u>	<u>-</u>
Total Liabilities		<u>(7,102)</u>	<u>(293,506)</u>
NET ASSETS		<u>1,724,210</u>	<u>1,759,392</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share Capital	3	1,345,000	1,345,000
Accumulated profit		379,210	414,392
Total Equity		<u>1,724,210</u>	<u>1,759,392</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GRAVITA GLOBAL PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Sales	12	67,779	8,327,146
Cost of sales	13	(59,769)	(7,947,974)
Gross profit		<u>8,010</u>	<u>379,172</u>
Other income	14	<u>9,352</u>	<u>3,148</u>
		17,362	382,320
Less :			
- Administrative and Other Operating expenses		<u>(52,544)</u>	<u>(94,812)</u>
		(52,544)	(94,812)
(Loss) / Profit from operations	15	<u>(35,182)</u>	<u>287,508</u>
Finance costs		-	-
(Loss) / Profit before tax		<u>(35,182)</u>	<u>287,508</u>
Income tax expense	18	-	(11,544)
Deferred Tax	17	-	-
(Loss) / Profit from continuing operations		<u>(35,182)</u>	<u>275,964</u>
Profit / (loss) from discontinued operations		-	-
Total (Loss) / Profit		<u>(35,182)</u>	<u>275,964</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income, net of tax		-	-
Total Comprehensive (Loss) / Income		<u><u>(35,182)</u></u>	<u><u>275,964</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

	<i>Attributable to equity holders of the Company</i>		
	<u>Share Capital</u> US\$	<u>Accumulated Profit</u> US\$	<u>Total Equity</u> US\$
Balance as at 31 st March 2014	1,345,000	138,428	1,483,428
Total comprehensive income	-	275,964	275,964
Balance as at 31 st March 2015	1,345,000	414,392	1,759,392
Total comprehensive (loss)	-	(35,182)	(35,182)
Balance as at 31st March 2016	1,345,000	379,210	1,724,210

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
<i>Cash flows from operating activities</i>			
(Loss) / Profit before tax		(35,182)	287,508
Adjustments for:			
- Depreciation expense	4	56	31
		<u>(35,126)</u>	<u>287,539</u>
Change in working capital:			
- Inventories	6	30,726	(30,726)
- Trade and other receivables	7	293,042	305,104
- Trade and other payables	11	(265,371)	(541,666)
		<u>58,397</u>	<u>(267,288)</u>
Cash generated from operations		23,271	20,251
Income tax paid	18	(21,033)	(9,256)
Net cash generated from operating activities		<u>2,238</u>	<u>10,995</u>
<i>Cash flows from investing activities</i>			
Investment in Subsidiaries	5	(21,250)	-
Disposal of property, plant & equipment	4	290	(377)
Net cash (used in) investing activities		<u>(20,960)</u>	<u>(377)</u>
		<u>(18,722)</u>	<u>10,618</u>
<i>Cash flows from financing activities</i>			
		-	-
Net (decrease) / increase in cash and cash equivalents		<u>(18,722)</u>	<u>10,618</u>
Cash and cash equivalents at beginning of the financial year		35,964	25,346
Cash and cash equivalents at end of the financial year	10	<u><u>17,242</u></u>	<u><u>35,964</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

1. General information

Gravita Global Pte. Ltd. (the "Company") is a company incorporated in Singapore having its Registered Office at 7500A, Beach Road, #08-313, The Plaza, Singapore 199591 and its principal place of business situated at Block 306, #09-76, Serangoon Avenue 2, Singapore 550306.

The principal activities of the Company are relating to the business of General Wholesale Trade (including importers and exporters) and Other Investment Holding Companies. There have been no significant changes in the nature of these activities during the financial year.

The immediate & ultimate holding company of the Company is Gravita India Limited, a Company incorporated in India.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 22.

Interpretations and amendments to published standards effective in 2015

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

The following are the new or amended standards and interpretations effective for annual periods beginning on or after 1 July 2014:

- *Amendments to FRS 19 (R) Employee Benefits (Defined benefit plans: Employee Contributions)*
- *FRS 102 Share-Based Payment (Definition of vesting condition)*
- *FRS 103 Business Combinations (Accounting for contingent consideration in a business combination)*
- *FRS 16 Property, Plant and Equipment and FRS 38 Intangible assets (Revaluation method - proportionate restatement of accumulated depreciation)*
- *FRS 24 Related Party Disclosures (Key management personnel)*
- *FRS 103 Business Combinations (Scope exceptions for joint ventures)*
- *FRS 113 Fair Value Measurement (Scope of portfolio exception)*
- *FRS 40 Investment property (Clarifying interrelationship between FRS 103 and FRS 40 when classifying property as investment property or owner-occupied property)*

GRAVITA GLOBAL PTE. LTD.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

(a) Sale of goods

Sale of goods revenue represents the invoiced value net of discounts during the financial year and is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

These goods are sold to certain customers with volume discount and the customers also have the right to return faulty goods. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

(b) Interest income

Interest income, including income arising from fixed deposits and other financial instruments, is recognized using the effective interest method.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.3 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Property, plant and equipment

(a) Measurement

(i) Other plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Component of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Computers	1 Year;
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The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within "Other gains/losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to maturity, re-evaluates this designation at each statement of financial position date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

(i) Financial assets at fair value through profit or loss

Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 7) on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) Recognition & Derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in profit or loss. Any amount previously recognized in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to-maturity financial assets are subsequently carried at amortized cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the amortized cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.5 (e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

2.7 Financial guarantees

Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortized to profit or loss over the period of the borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

2.8 Impairment of non- financial assets

Intangible assets, Property, plant and equipment and/or Investments in subsidiaries, associated companies and joint ventures.

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

GRAVITA GLOBAL PTE. LTD.

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

2. Summary of significant accounting policies (continued)

2.8 Impairment of non- financial assets (continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (continued)

2.10 Leases

(i) Lessee – Finance leases

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognized as an expense in profit or loss when incurred.

2.11 Inventories

Inventories are carried at the lower of cost and/or net realizable value. Cost is calculated using the first in first out method and comprises all cost of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

2.12 Income taxes

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income and expenditure statement except to the extent that it related to its items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the Statement of Financial Position method, providing for all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognized for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

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2. Summary of significant accounting policies (continued)

2.14 Employee Compensation

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2.15 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in profit or loss.

However, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations are recognized in other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net". Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.16 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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2. Summary of significant accounting policies (continued)

2.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.18 Trade and other receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

2.19 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.21 Subsidiaries

Investments in Subsidiaries are carried at cost less accumulated impairment losses in the Company's Statement of Financial Position.

(i) Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of the Company.

The Company is exempted in line with paragraph 4(a) of FRS 110 from the preparation of consolidated financial statements as the Company is a subsidiary of 'Gravita India Limited', a Company incorporated in India which produces consolidated financial statements available for public use.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (continued)

2.21 Subsidiaries (Continued)

(ii) Acquisition of businesses (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the noncontrolling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to statement of comprehensive income or transferred directly to retained earnings if required by a specific Standard.

Amounts recognised in other comprehensive income in respect of that entity are also reclassified to statement of comprehensive income or transferred directly to retained earnings if required by a specific Standard. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in statement of comprehensive income. Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(vi) Associated companies

Associated companies are entities over which the Group has significant influence, but not control generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in statement of comprehensive income and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment.

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2. Summary of significant accounting policies (continued)

2.21 Subsidiaries (Continued)

(vi) Associated companies (continued)

When the Group's share of losses in an associated Company equals or exceeds its interest in the associated Company, including any other unsecured non-current receivables, the Group does not recognize further losses, unless it has obligations or has made payments on behalf of the associated Company. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in statement of comprehensive income.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in statement of comprehensive income. Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.22 Intangible Assets

Acquired definite-lived intangible assets are amortized using the straight-line method over their estimated useful life. The useful lives are evaluated every year. Patents and trademarks with a definite useful life acquired from third parties either separately or as part of the business combination are capitalized at cost and amortized over their remaining useful lives. Intangible assets acquired as part of a business combination are capitalized at their acquisition-date fair value.

The preliminary expenditure capitalized includes the cost of legal, professional & secretarial fee and an appropriate proportion of overheads. Amortization of capitalized preliminary expenditure is charged in full to the Statement of income on a straight-line basis over the next financial year.

3. Share capital

	<u>Issued share capital</u>	
	<u>No. of ordinary shares</u>	<u>Amount US\$</u>
<u>As at 31st March 2016</u>		
Beginning of the financial year	1,345,000	1,345,000
Shares issued during the year	-	-
End of the financial year	1,345,000	1,345,000
<u>As at 31st March 2015</u>		
Beginning of the financial year	1,345,000	1,345,000
Shares issued during the year	-	-
End of the financial year	1,345,000	1,345,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and a right to receive dividends as and when declared by the Company. The Company is not exposed to any externally imposed capital requirements and there are no restrictions to issue shares.

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4. Property, plant & equipment

<u>As at 31st March 2016</u>	<u>Computers</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>Cost</u>		
As at 1 st April 2015	377	377
Additions during the year	-	-
(Disposals) during the year	(290)	(290)
As at 31 st March 2016	87	87
<u>Accumulated depreciation</u>		
As at 1 st April 2015	31	31
Depreciation for the year	56	56
(Disposals) during the year	-	-
As at 31 st March 2016	87	87
NBV as at 31st March 2016	-	-
NBV as at 31 st March 2015	346	346

5. Investment in Subsidiaries

<u>Unquoted Equity Investment – at cost</u>	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
Balances as at beginning of the financial year	1,419,760	1,419,760
Additional Investments during the year	21,250	-
Acquisitions during the year	-	-
	1,441,010	1,419,760
Less: Prior year Fair value adjustments	-	-
Fair value gain on net worth of subsidiary at the year-end	-	-
Balance at the end of the financial year	1,441,010	1,419,760

5.1 Details of direct/indirect subsidiaries are as below

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country</u>	<u>Cost of investment</u>		<u>Equity holding</u>	
			<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>	<u>2016</u> <u>%</u>	<u>2015</u> <u>%</u>
<u>Direct subsidiaries</u>						
Gravita Netherlands BV	Other investment holding companies & general wholesale trade	Netherlands	1,419,560	1,419,560	100	100
Gravita Nicaragua SA	General wholesale trade	Nicaragua	200	200	5	5
Gravita Mozambique Lda**	General wholesale trade	Mozambique	21,250	-	3.62	-

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5. Investment in Subsidiaries (continued)

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country</u>	<u>Cost of investment</u>		<u>Equity holding</u>	
			<u>2016</u> US\$	<u>2015</u> US\$	<u>2016</u> %	<u>2015</u> %
<u>Indirect subsidiaries (Held by Gravita Netherlands BV)</u>						
Gravita Trinidad & Tobago Ltd,	General wholesale trade	Netherlands	-	-	-	100
Gravita Senegal SAU,	General wholesale trade	Senegal	-	-	100	100
Navam Lanka Limited	General wholesale trade	Sri Lanka	-	-	52	52
Gravita Nicaragua SA,	General wholesale trade	Nicaragua	-	-	95	95
Gravita Mozambique Lda**	General wholesale trade	Mozambique	-	-	96.38	-
Gravita USA,	General wholesale trade	USA	-	-	100	-
			<u>1,441,010</u>	<u>1,419,760</u>		

**At the end of the financial year, the Company owns directly (3.62%) and indirectly (96.38%) aggregating to 100% of shares in Gravita Mozambique LDS.

Investment in Subsidiaries approximates its fair value as on the Statement of Financial Position date. Please also refer to Note 22.1(d).

In line with Singapore Companies Act Cap 50 section 201(3BA) and FRS 110 the Company is exempt from presenting consolidated accounts. The Company satisfies all the conditions of FRS 110 paragraph 4(a) from presenting consolidation financial statements for the year;

- a) it is wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent presenting consolidated financial statements;
- b) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- c) it did not file, nor it is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- d) its ultimate or any intermediate parent produces consolidated financial statements that are available for public use. The immediate parent consolidated financial statement can be obtained from its registered office.

The ultimate parent Company 'Gravita India Limited', a Company incorporated in India produces consolidated financial statements available for public use.

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6. Inventories	<u>2016</u> US\$	<u>2015</u> US\$
Goods for resale, at cost	-	30,726

The inventory is stated at the lower of the cost or net realisable value. However, during the current year there was no inventory balance at the year end.

7. Trade and other receivables	<u>2016</u> US\$	<u>2015</u> US\$
Trade receivables (Note 8)	-	392,849
Other receivables (Note 9)	273,060	173,253
Total trade and other receivables	<u>273,060</u>	<u>566,102</u>

8. Trade receivables	<u>2016</u> US\$	<u>2015</u> US\$
Trade receivables	-	392,849
<i>Less:- Provision for doubtful debts</i>		
Balance at 1 st April	-	-
Current year provision	-	-
Provision written back during the financial year	-	-
Balance at 31 st March	<u>-</u>	<u>392,849</u>

The average credit period of trade receivables is 30-180 days. Trade receivables approximate its fair value as on the statement of financial position date.

The trade debtors are denominated in the following currencies:-

	<u>2016</u> US\$	<u>2015</u> US\$
Singapore Dollars	-	-
United States Dollars	-	392,849
	<u>-</u>	<u>392,849</u>

9. Other receivables	<u>2016</u> US\$	<u>2015</u> US\$
- Third parties	5,873	-
- Related parties' advances (trade related)	267,187	173,253
	<u>273,060</u>	<u>173,253</u>

Other receivables approximate its fair value as on the statement of financial position date and are denominated in United States Dollars. The advances paid to related parties are under normal trade terms.

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10. Cash and cash equivalents

	<u>2016</u> US\$	<u>2015</u> US\$
Cash in hand	-	22
Cash at bank	17,242	35,942
Cash & cash equivalents per statement of cash flows	17,242	35,964

The cash and cash equivalents approximate its fair value and are denominated in the following currencies:-

	<u>2016</u> US\$	<u>2015</u> US\$
Singapore Dollars	2,280	1,547
United States Dollars	14,962	34,417
	17,242	35,964

11. Trade and other payables

	<u>2016</u> US\$	<u>2015</u> US\$
<u>Trade payables:</u>		
- Related parties	-	59,373
- Non-related parties	-	196,039
	-	255,412
<u>Other payables:</u>		
- Accruals for operating expenses	6,346	13,204
- Other creditors	756	3,049
- Holding company	-	808
	7,102	17,061
Total trade & other payables	7,102	272,473

The average credit period of trade payables is 30-180 days. Other payable due to holding company is nontrade, unsecured, interest free and repayable on demand.

Trade and Other payables approximate its fair value as on the statement of financial position date and are denominated in following currencies:

	<u>2016</u> US\$	<u>2015</u> US\$
Singapore Dollars	6,346	16,253
United states dollars	756	256,220
	7,102	272,473

12. Revenue

	<u>2016</u> US\$	<u>2015</u> US\$
Sale of goods	67,779	8,327,146

Sale of goods revenue represents the invoiced value of goods net of discount and is recognised at the point of invoicing when the risk & rewards of the ownership of goods are shifted to buyer.

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13. Cost of sales

The cost of sales comprise of the following:-

	<u>2016</u> US\$	<u>2015</u> US\$
Purchases & other direct costs	59,769	7,947,974

14. Other income

	<u>2016</u> US\$	<u>2015</u> US\$
Interest income	5,812	1,066
Exchange gain	3,540	2,082
	9,352	3,148

15. (Loss) / Profit from operations

(Loss) / Profit from operations is arrived after charging following *major* expenses:

	<u>2016</u> US\$	<u>2015</u> US\$
Bank charges	-	15,896
Exchange Loss / (gain)	(3,540)	307
Professional charges	5,950	4,500
Legal and Professional fees	1,524	5,638
Travelling and conveyance	2,449	2,354
	2,449	2,354

16. Employee compensation

	<u>2016</u> US\$	<u>2015</u> US\$
Salaries and Other Benefits	26,838	39,260
Employer's contribution to defined contribution plans	-	-
	26,838	39,260

Directors' remuneration (key management personnel compensation) not recognized within staff costs are as follows:-

	<u>2016</u> US\$	<u>2015</u> US\$
Wages and salaries	-	-
Employer's contribution to defined contribution plans	-	-
Termination benefits	-	-
	-	-

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17. Deferred taxation

Movement in deferred income tax account is as follows:-

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Balance as at 1 st April	-	-
Current year adjustments to profit & loss	-	-
Overprovision of deferred tax	-	-
Balance as at 31 st March	<u>-</u>	<u>-</u>

18. Taxation

Movement of current income tax liabilities are as follows:-

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Balance as at 1 st April	21,033	18,745
Previous year (over) /under provision	(2,133)	(9,489)
Current year provision	-	21,033
Income tax paid	(22,964)	(9,256)
Income tax refund	4,064	-
Balance as at 31 st March	<u>-</u>	<u>21,033</u>

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate are as follows:-

	<u>2016</u>	<u>2015</u>
	US\$	US\$
(Loss) / Profit before income tax	<u>(35,182)</u>	<u>287,508</u>
Tax calculated at tax rate of 17%	-	48,876
<u>Effects of:</u>		
- expenses not deductible for tax purposes	-	5
- Prior year's (over)/under provision	-	(9,489)
- Tax exemption and rebates	-	(27,848)
Tax expense	<u>-</u>	<u>11,544</u>

The provision for tax is subject to the approval of Inland Revenue authority of Singapore (IRAS).

19. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Related Companies:</u>		
- Trade related		
Gravita Senegal S.A.U	-	59,373
Gravita Ghana Ltd - advance	-	41,438
Gravita Nicaragua - advance	-	50,000
Gravita Netherlands-advance	267,187	81,815
- Non trade payables – Gravita India	-	808
- Purchases	-	7,014,570
- Acquisition of Subsidiary (Gravita Mozambique LDA)	21,250	-
Key management personnel compensation	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Contingencies & commitments

20.1 Contingent liabilities

Contingent liabilities, of which the probability of settlement is not remote at the statement of financial position date, are none.

20.2 Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognized in the financial statements, are none.

20.3 Operating lease commitments – where the Company is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognized as liabilities, are none.

21. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk, etc.), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Company's financial performance. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

21.1 Market risk

(a) Currency risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in US Dollars. As such the Company's sales and purchases transacted in identical currencies are hedged naturally.

The Company's currency exposure based on the information provided to key management is as follows:

At 31st March 2016

<u>Financial assets:</u>	<u>Cash and cash equivalents</u> US\$	<u>Trade and Other receivables</u> US\$	<u>Total</u> US\$
Singapore Dollars	2,280	-	2,280
Others	-	-	-
	2,280	-	2,280

<u>Financial liabilities:</u>	<u>Trade payables</u> US\$	<u>Other payables</u> US\$	<u>Total</u> US\$
Singapore Dollars	-	6,346	6,346
Others	-	-	-
	-	6,346	6,346

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21. Financial risk management (continued)

21.1 Market risk (continued)

(a) *Currency risk (continued)*

Foreign currency sensitivity

If the relevant foreign currency change against USD by 10%, with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position will be as follows:-

If the foreign currency strengthens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

<u>Financial assets (net of tax @ 17%):</u>	<u>2016</u> US\$	<u>2015</u> US\$
Profit/ (loss)	189	128
Other equity	-	-
	189	128

<u>Financial liabilities (net of tax @ 17%):</u>	<u>2016</u> US\$	<u>2015</u> US\$
Profit/ (loss)	(527)	(1,349)
Other equity	-	-
	(527)	(1,349)

If the foreign currency weakens by 10% against the functional currency of the Company, statement of comprehensive income and other equity will increase/ (decrease) by:

<u>Financial assets (net of tax @ 17%):</u>	<u>2016</u> US\$	<u>2015</u> US\$
Profit/ (loss)	(189)	(128)
Other equity	-	-
	(189)	(128)

<u>Financial liabilities (net of tax @ 17%):</u>	<u>2016</u> US\$	<u>2015</u> US\$
Profit/ (loss)	527	1,349
Other equity	-	-
	527	1,349

(b) *Interest rate risk*

The interest rate risk exposure is mainly on financial assets and financial liabilities. These financial instruments are both at fixed rate and floating rates.

The Company is not exposed to interest rate risk as there are no financial assets and financial liabilities at the date of statement of financial position which have any impact of fixed/floating interest rates.

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21. Financial risk management (continued)

21.1 Market risk (continued)

(b) *Interest rate risk (continued)*

Interest rate sensitivity

The sensitivity is estimated that an increase/decrease of 100 basis point in interest rate at the reporting date would lead to an increase/reduction in the profit before tax.

A decrease in the basis point in the interest rate would have an equal but opposite effect

The interest rate sensitivity is not applicable for the Company as there is no interest rate risk.

21.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored by management.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:-

<u>By geographical areas:</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$
India	-	198,331
Dubai, UAE	-	159,727
Others	-	34,791
	-----	-----
	-	392,849
	-----	-----
<u>By types of customers:</u>		
Related parties	-	-
Non-related parties	-	392,849
	-----	-----
	-	392,849
	-----	-----

(a) *Financial assets that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

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21. Financial risk management (continued)

21.2 Credit risk (continued)

(b) *The age analysis of trade receivables is as follows:*

	<u>2016</u> US\$	<u>2015</u> US\$
Less than 180 days	-	392,849
More than 180 days	-	-
	-	-

The Company's top three customer sales during the financial year are as follows:-

	<u>2016</u> US\$	<u>2015</u> US\$
Top Customer 1	18,745	1,299,847
Top Customer 2	16,751	1,239,048
Top Customer 3	16,293	748,690
	16,293	748,690

21.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions at a short notice. At the statement of financial position date, assets held by the Company for managing liquidity risk included cash (Note 10).

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date (contractual and undiscounted cash flows):-

	<u>Trade and other</u> <u>payables</u> US\$	<u>Total</u> US\$
Maturity < 1 year	7,102	7,102
Maturity 2 - 5 years	-	-
	7,102	7,102
Variable / Fixed interest rate	NIL	

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) of the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group.

These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

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21. Financial risk management (continued)

21.4 Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	2016	2015
	US\$	US\$
Net debt	(10,140)	236,509
Total equity	1,724,210	1,759,392
Total capital	1,714,070	1,995,901
Gearing ratio	-	11.84%

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	2016	2015
	US\$	US\$
Total liability	7,102	293,506
Tangible net worth	1,724,210	1,759,392
Leverage ratio	-	0.17 times

21.5 Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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21. Financial risk management (continued)

21.5 Fair value measurements (continued)

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets	-	-	-	-	-	-
	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-
	-	-	-	-	-	-

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the statement of financial position date.

These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. The following table presents the changes in Level 3 instruments:

	<u>Financial Assets</u>		<u>Financial Liabilities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$	US\$	US\$
Beginning of financial year	-	-	-	-
Transfers / (purchases)	-	-	-	-
Fair value gains/ (loss)	-	-	-	-
End of financial year	-	-	-	-
Total gains/ (losses) for the period	-	-	-	-
	-	-	-	-

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

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22. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

22.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Uncertain tax positions

The Company is subject to income taxes in Singapore jurisdiction. In determining the income tax liabilities, management has estimated the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Company has some open tax assessments with the tax authority at the statement of financial position date. As management believes that the tax positions are sustainable, the Company has not recognized any additional tax liability on these uncertain tax positions.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(d) Impairment of investment in subsidiaries (Refer to Note 5)

The overall impairment of investment in subsidiaries is assessed based on fair value of net assets / (liabilities) as per *unaudited* financial statements of those subsidiaries. Have those financial statements would have been audited; the impairment assessment could have been assessed differently depending on variations if any between audited and unaudited financial statements of those subsidiaries.

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22. Critical accounting estimates, assumptions and judgments (continued)

22.2 Critical judgments in applying the entity's accounting policies

The Company makes critical judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgments that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

23. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2016 and which the Company has not early adopted:

FRS 16	Property plant and equipment and FRS 38 Intangible assets
FRS 111	Joint Arrangements
FRS 110	Consolidated financial statements and FRS 28 Investments in associates and joint ventures
FRS 1	Presentation of financial statements
FRS 115	Revenue from contracts with customers
FRS 109	Financial instruments

24. Authorization of the financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Gravita Global Pte. Ltd. on 14th May 2016 .