Vega Industries (Middle East) – F.Z.C
Ajman Free Zone
Ajman

Financial Statements
31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF VEGA INDUSTRIES (MIDDLE EAST) – F.Z.C

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Report on the financial statements

We have audited the accompanying financial statements of Vega Industries (Middle East) – F.Z.C, Ajman Free Zone, Ajman ("the Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in shareholders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 2 to 17.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Moore Stephens

Moore Stephens

Farad K. Lakdawala
Registration No: 341

Dubai
4 May 2016

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Statement of comprehensive income

(stated in USD)

	Note	2016	2015
Income			
Sales	3.3 a)	**219,879,047**	248,435,827
Cost of sales		**(196,466,715)**	(230,569,155)
Gross profit		**23,412,332**	17,866,672
Other income	4	**597,870**	650,962
Profit on forward options		**--**	3,088,792
Change in the fair value of investments designated at fair value through profit or loss	9	**(64,075)**	229,406
		23,946,127	21,835,832
Expenses			
General and administration	5	**5,251,033**	5,684,178
Selling and distribution	6	**9,414,890**	7,408,222
Depreciation	7	**26,083**	26,768
		14,692,006	13,119,168
Profit and total comprehensive income for the year		**9,254,121**	8,716,664

The attached notes 1 to 20 form part of these financial statements.

Statement of financial position

(stated in USD)

	Note	2016	2015
Assets			
Non-current assets			
Furniture and equipment	7	**32,901**	46,559
Investment in subsidiaries	8	**672,336**	634,375
Total non-current assets		**705,237**	680,934
Current assets			
Investments at fair value through profit or loss	9	**5,747,125**	5,811,200
Inventories	10	**8,734,687**	15,413,370
Accounts and other receivables	11	**64,919,141**	55,292,130
Bank and cash balances	12	**7,559,493**	7,043,991
Total current assets		**86,960,446**	83,560,691
Total assets		**87,665,683**	84,241,625
Shareholders' funds and liabilities			
Shareholders' funds			
Share capital	13	**325,000**	325,000
Retained earnings		**34,869,936**	62,730,815
Total shareholders' funds		**35,194,936**	63,055,815
Liabilities			
Non-current liabilities			
Employees' terminal benefits	14	**171,310**	214,944
Total non-current liabilities		**171,310**	214,944
Current liabilities			
Accounts and other payables	15	**50,151,480**	20,970,866
Bank borrowings	16	**2,147,957**	--
Total current liabilities		**52,299,437**	20,970,866
Total liabilities		**52,470,747**	21,185,810
Total shareholders' funds and liabilities		**87,665,683**	84,241,625

The attached notes 1 to 20 form part of these financial statements.

Director

4 May 2016

Statement of changes in shareholders' funds

(stated in USD)

	Share capital	Retained earnings	Total
Balance at 1 April 2015	**325,000**	**62,730,815**	**63,055,815**
Total comprehensive income for the year	**--**	**9,254,121**	**9,254,121**
Dividend paid	**--**	**(37,115,000)**	**(37,115,000)**
Balance at 31 March 2016	**325,000**	**34,869,936**	**35,194,936**

	Share capital	Retained earnings	Total
Balance at 1 April 2014	325,000	62,951,651	63,276,651
Total comprehensive income for the year	--	8,716,664	8,716,664
Dividend paid	--	(8,937,500)	(8,937,500)
Balance at 31 March 2015	325,000	62,730,815	63,055,815

The attached notes 1 to 20 form part of these financial statements.

Statement of cash flows

(stated in USD)

	Note	2016	2015
Cash flows from operating activities			
Total comprehensive income for the year		**9,254,121**	8,716,664
Adjustments for:			
Depreciation	7	**26,083**	26,768
Interest on investments at fair value through profit or loss	4	**(257,508)**	(263,152)
Changes in the fair value of investments designated at fair value through profit or loss	9	**64,075**	(229,406)
Provision for employees' terminal benefits	14	**--**	41,880
Cash flows from operations before working capital changes		**9,086,771**	8,292,754
Decrease/ (increase) in inventories		**6,678,683**	(9,157,872)
(Increase)/ decrease in accounts and other receivables		**(9,627,011)**	7,330,489
Increase/ (decrease) in accounts and other payables		**29,180,614**	(5,476,293)
Employees' terminal benefits paid		**(43,634)**	(12,202)
(Increase)/ decrease in margin money deposits		**(70,458)**	86,584
Net cash from operating activities		**35,204,965**	1,063,460
Cash flows from investing activities			
Purchase of furniture and equipment	7	**(12,425)**	(22,480)
Additions to investments designated at fair value through profit or loss	9	**--**	(1,011,019)
Increase in investment in subsidiaries	8	**(37,961)**	--
Interest on investments at fair value through profit or loss	4	**257,508**	263,152
Net cash from/ (used in) investing activities		**207,122**	(770,347)
Cash flows from financing activities			
Increase in bank borrowings		**2,147,957**	--
Dividend paid		**(37,115,000)**	(8,937,500)
Net cash (used in) financing activities		**(34,967,043)**	(8,937,500)
Increase/ (decrease) in cash and cash equivalents during the year		**445,044**	(8,644,387)
Cash and cash equivalents at the beginning of the year		**6,648,944**	15,293,331
Cash and cash equivalents at the end of the year	12	**7,093,988**	6,648,944

The attached notes 1 to 20 form part of these financial statements.

Notes to the financial statements

(stated in USD)

1. Legal status and principal activities

Vega Industries (Middle East) – F.Z.C, Ajman Free Zone, Ajman ("the Company") was originally incorporated as a Free Zone Establishment under the Ajman Free Zone Authority Offshore Companies Regulations 2003 of the United Arab Emirates. During the year, the legal status of the Company was amended from a Free Zone Establishment ("FZE') to Free Zone Company ("FZC") as the shareholding structure was changed (Note 13).

The Company is controlled and substantially owned by M/s. AIA Engineering Limited, India ("the ultimate parent company") .The Company operates a branch in Australia and has wholly owned subsidiaries in United Kingdom, Republic of South Africa and People's Republic of China.

The principal activity of the Company is trading and distribution of grinding media and related items.

The principal place of business of the Company is located at A 1 – 314, Ajman Free Zone, Ajman.

2. Adoption of new and revised International Financial Reporting Standards

2.1 New and amended standards adopted by the Company

New and amended standards effective as of 1 April 2015 were either not relevant to the Company or did not have any material impact on the presentation and disclosure of items in the financial statements of the Company.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following standards and amendments to existing standards that are applicable to the Company have been published and are mandatory for accounting periods of the Company beginning after 1 April 2015, but which have not been adopted early by the Company:

a. IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction to prove whether a relationship will be effective than current requirements.

b. IFRS 15 Revenue from Contracts with Customers issued in May 2014 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

   - Identify the contract with the customer
   - Identify the performance obligations in the contract
   - Determine the transaction price
   - Allocate the transaction price to the performance obligations in the contracts
   - Recognise revenue when (or as) the entity satisfies a performance obligation.

   The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will apply to annual periods beginning on or after 1 January 2018.

c. Amendments to IAS 1 'Presentation of Financial Statements' issued in December 2014 is part of the disclosure initiative. The minor amendments address a number of areas which include, the disclosure of significant accounting policies, the application of materiality to financial statements, presentation of sub-totals, information to be presented for certain components of other comprehensive income and the structure of the financial statements. The amendments are applicable for annual periods commencing on or after 1 January 2016.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

d. Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' were issued in May 2014 clarifying the acceptable methods of depreciation and amortization. The amendments are applicable for annual periods beginning on or after 1 January 2016.

e. Amendments to IAS 7 'Statement of Cash Flows'. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments should be applied for annual periods beginning on or after 1 January 2017. Earlier application is permitted. When the entity first applies the amendments, it is not required to provide comparative information for preceding periods.

The management believes the adoption of the above standards / amendments is not likely to have any material impact on the presentation and disclosure of items in the financial statements for future periods.

3. Basis of preparation and significant accounting policies and estimates

3.1 Basis of preparation

These financial statements represent the separate financial statements of the Company which are prepared by the management for local reporting purposes and in which the investment in subsidiaries are accounted for using the cost method of accounting as explained in the respective accounting policy notes set out below.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared in US Dollars (USD).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Company to all periods presented in these financial statements are set out below.

3.3 Significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding discounts.

Sale of goods
Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, normally on delivery to the customer.

b) Furniture and equipment

Furniture and equipment are stated in the statement of financial position at cost less accumulated depreciation and any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The residual values and useful lives of furniture and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

b) Furniture and equipment (Continued)

Depreciation is charged on assets so as to write off the cost of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Furniture and fixtures	4 years
Office equipment	4 years
Computers	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

d) Financial instruments – recognition, derecognition and offsetting

A financial asset or a financial liability is recognised when the Company becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is de-recognised either when:

(i) the rights to receive cash flows from the asset have expired.

(ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

(iii) the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

e) Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(i) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;

(ii) For assets carried at cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

(iii) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised. Reversal of impairment losses are recognised in the statement of comprehensive income to the extent carrying value of the asset does not exceed its amortised cost at the reversal date.

f) Investment in subsidiaries

Investment in subsidiaries is carried at cost. Subsidiaries are the companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Income from investments is recognized when the right to receive income is established.

g) Investments at fair value through profit or loss

If an investment is held for trading, or is designated as such on initial recognition, it is classified as held at fair value through profit or loss. Assets other than held for trading are designated at fair value through profit or loss when the Company manages the holdings and makes purchase and sale decisions based on fair value assessments and documented risk management and investment strategies. Investments at fair value through profit or loss are initially measured at fair value. Attributable transaction costs and subsequent changes in fair value are recognised in profit or loss.

h) Accounts receivable

Accounts receivable are stated at their amortised cost less any allowances for doubtful receivables. An allowance for doubtful receivables is established when there is objective evidence that the Company will not be able to collect the amounts due. Indicators that the accounts receivable are impaired include consistent default in payments when due in accordance with the terms of the arrangements with the customers, financial difficulties of the customer and other indicators. When an accounts receivable is considered uncollectible, it is written off against the allowance account for credit losses. The carrying value of accounts receivable approximately reflect their fair value due to the short term nature of those receivables.

i) Inventories

Inventories are valued at the lower of the cost or net realizable value, after making due allowance for any obsolete or slow moving items. Cost is determined weighted average basis and consists of aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition. Net realizable value is determined on estimated selling price less any estimated cost of disposal.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

j) Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under the U.A.E Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

k) Accounts and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company.

l) Foreign currencies

Functional and presentation currency
The financial statements are presented in US Dollars (USD), which is the Company's functional and presentation currency.

Transactions and balances
Transactions in currencies other than USD are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income.

m) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank balances and cash less margin money deposits under lien.

n) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of trade accounts receivable, amounts due from subsidiaries and related parties

An estimate of the collectible amount of trade accounts receivable, amounts due from subsidiaries and related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognised in the statement of comprehensive income.

Impairment of furniture and equipment

A decline in the value furniture and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of furniture and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Useful lives of furniture and equipment

The Company's management determines the estimated useful lives of its furniture and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4. Other income

	2016	2015
Management fee (Note 17)	**340,362**	387,810
Interest received on investments at fair value through profit or loss	**257,508**	263,152
	597,870	650,962

Management fee represents amount charged to a subsidiary for the services rendered by the Company.

5. General and administration expenses

	2016	2015
Staff salaries and benefits	**1,395,341**	1,324,892
Loss on foreign currency fluctuation	**1,871,967**	2,141,954
Legal and professional expenses	**863,206**	901,349
Directors' remuneration (Note 17)	**274,454**	102,000
Bank charges	**241,870**	175,776
Interest on bank overdraft	**18,599**	167,952
Insurance	**195,751**	208,156
Communication	**124,628**	113,761
Rent and license fees	**70,805**	58,559
Management expenses (Note 17)	**31,200**	87,820
Consultancy charges (Note 17)	**--**	214,250
Others	**163,212**	187,709
	5,251,033	5,684,178

Management expenses represent expenses incurred on Company's overseas operations recharged by its subsidiary.

6. Selling and distribution expenses

	2016	2015
Commission on sales	**2,573,242**	3,239,690
Travelling and conveyance	**1,214,250**	1,236,681
Allowance for impaired receivables (Note 11)	**17,729**	438,830
Warranty provision	**--**	2,052,250
Claims	**(288,203)**	207,569
Bad debts written off	**16,045**	24,807
Business promotion expenses	**7,696**	46,713
Product development charges (Note 17)	**2,400,000**	--
Clearing and forwarding	**3,474,131**	161,682
	9,414,890	7,408,222

7. Furniture and equipment

2016	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2015	**49,019**	**25,799**	**62,732**	**90,869**	**228,419**
Additions during the year	**1,150**	**2,445**	**8,830**	**--**	**12,425**
At 31 March 2016	**50,169**	**28,244**	**71,562**	**90,869**	**240,844**
Accumulated depreciation					
At 1 April 2015	**42,984**	**21,077**	**49,217**	**68,582**	**181,860**
Charge for the year	**5,897**	**2,614**	**6,916**	**10,656**	**26,083**
At 31 March 2016	**48,881**	**23,691**	**56,133**	**79,238**	**207,943**
Net book value					
At 31 March 2016	**1,288**	**4,553**	**15,429**	**11,631**	**32,901**

7. Furniture and equipment (Continued)

2015	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2014	48,578	23,924	55,494	77,943	205,939
Additions during the year	441	1,875	7,238	12,926	22,480
At 31 March 2015	49,019	25,799	62,732	90,869	228,419
Accumulated depreciation					
At 1 April 2014	33,874	18,699	41,901	60,618	155,092
Charge for the year	9,110	2,378	7,316	7,964	26,768
At 31 March 2015	42,984	21,077	49,217	68,582	181,860
Net book value					
At 31 March 2015	6,035	4,722	13,515	22,287	46,559

8. Investment in subsidiaries

(Unquoted at cost)

At the reporting date, the Company owns shares in the following limited liability companies:

Name	Country of registration	Activity	Proportion of the ownership interest held by the Company 2016	2015
Vega Industries Limited, U.K	United Kingdom	Importing and distribution of grinding media	**100%**	100%
Wuxi Weigejia Trade Co. Ltd	People's Republic of China	Wholesale, installation, import and export business on mining, quarrying equipment, cement special equipment and relevant spare parts	**100%**	100%
Vega Steel Industries (RSA) (Proprietary) Limited	Republic of South Africa	Importing and trading of steel and alloy castings and related components	**100%**	100%
PT Vega Industries	Indonesia	Importing and distribution of grinding media	**99%**	--

The carrying value of the above un-quoted investments for the accounting period stated above is as follows:

Name of the Company	2016	2015
Vega Industries Limited, U.K 10,000 shares of GBP 1 each (2015 – 10,000 shares of GBP 1 each)	**334,375**	334,375
Wuxi Weigejia Trade Co. Ltd 30 shares of USD 10,000 each (2015 – 30 shares of USD 10,000 each)	**300,000**	300,000
Vega Steel Industries (RSA) (Proprietary) Limited 100 shares of ZAR 1 each (2015 – 100 shares of ZAR 1 each)	**14**	--
PT Vega Industries Share application money (allotment is pending)	**37,947**	--
	672,336	634,375

The above investments are stated at cost in these financial statements of the Company (Note 3.3f).

The Company has operational and financial control over the above subsidiaries.

9. Investments at fair value through profit or loss

The Company has portfolio of investments through various investment banks. The movement during the year is as follows:

	2016	2015
Balance at the beginning of the year	**5,811,200**	4,570,775
Additions during the year	**--**	1,011,019
Changes in fair value	**(64,075)**	229,406
Balance at the end of the year	**5,747,125**	5,811,200

10. Inventories

	2016	2015
Goods in transit	**7,799,458**	14,658,933
Goods held for re-sale	**935,229**	754,437
	8,734,687	15,413,370

11. Accounts and other receivables

	2016	2015
Trade accounts receivable	**20,866,717**	19,313,504
Due from subsidiaries	**18,035,471**	19,038,981
Due from a related party	**25,866,466**	17,270,779
Prepaid expenses	**117,451**	68,979
Deposits	**40,303**	40,507
Interest accrued on investments	**67,410**	67,410
Other receivables	**163,721**	178,821
	65,157,539	55,978,981
Allowance for impaired receivables	**(238,398)**	(686,851)
	64,919,141	55,292,130

The movement in the allowance for impaired receivables during the year is as follows:

	2016	2015
Balance at beginning of the year	**686,851**	391,267
Additional allowance during the year	**17,729**	463,637
Written off during the year	**(466,182)**	(168,053)
Balance at the end of the year	**238,398**	686,851

a) At the reporting date, trade accounts receivable amounting to USD 132,726 (2015: USD 791,543) were past due but not considered to be impaired. The ageing analysis of the above receivables is as follows:

	2016	2015
Debts due between 3 - 6 months	**4,727**	91,989
Debts due between 6 months to 1 year	**127,999**	699,554
	132,726	791,543

b) Trade accounts receivable and due from related parties are considered collectible based on historic experience. It is not the practice of the Group to obtain collateral over receivables.

c) Due from subsidiaries and a related party includes USD 396,025 (2015: USD 1,012,912) which relates to balance outstanding from non-trade transactions.

d) Trade accounts receivable are subject to a charge against the bank facilities granted to the Company (Note 19)

12. Bank and cash balances

	2016	2015
Cash on hand	**1,882**	1,382
Bank balances	**7,092,106**	6,647,562
Margin money deposits	**465,505**	395,047
Bank and cash balances	**7,559,493**	7,043,991
Less: Margin money deposits under lien	**(465,505)**	(395,047)
Cash and cash equivalents in the statement of cash flows	**7,093,988**	6,648,944

Margin money deposits are subject to a lien for bank guarantees issued by banks on behalf of the Company (Note 19).

13. Share capital

	2016	2015
Authorised capital (50,000 shares of USD 10 each)	**500,000**	500,000
Issued, subscribed and paid up capital (32,500 shares of USD 10 each)	**325,000**	325,000

During the year, the shareholding structure has been amended as follows:

	2016	2015
M/s. AIA Engineering Ltd, India 30,875 (shares of USD 10 each)	**308,750**	325,000
Mr. Bhadresh Kantilal Shah as a nominee of AIA Engineering Ltd, (1,625 shares of USD 10 each)	**16,250**	--
	325,000	325,000

14. Employees' terminal benefits

The provision for end of service benefits for employees is made in accordance with the provisions of the U.A.E. Labour Laws. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment. The cost of providing these benefits is charged as an expense on an annual basis and the charge for the year ended 31 March 2016 amounted to USD nil (2015: USD 41,880).

15. Accounts and other payables

	2016	2015
Due to a shareholder	**40,854,836**	14,562,269
Provision for warranty	**2,052,250**	2,052,250
Provision for claims payable	**2,198,790**	2,486,992
Provision for expenses	**22,790**	600,746
Advance from customers	**3,191,419**	779,473
Other payables	**1,831,395**	489,136
	50,151,480	20,970,866

16. Bank borrowings

	2016	2015
Bank overdraft	**2,147,957**	--
	2,147,957	--

Bank borrowings are from commercial banks in the United Arab Emirates, carry interest at commercial rates and are secured by the corporate guarantee from a shareholder.

17. Related party transactions

Related parties represent shareholders and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Prices and terms of these transactions were approved by the management. The significant related party transactions during the year are as follows:

	2016	2015
Sales	**89,501,331**	103,517,426
Cost of sales	**188,692,864**	229,287,760
Product development charges (Note 6)	**2,400,000**	--
Management expenses (Note 5)	**31,200**	87,820
Consultancy charges (Note 5)	**--**	214,250
Management fees (other income) (Note 4)	**340,362**	387,810
Staff salaries and benefits (general and administration)	**409,048**	205,324
Finance charges	**36,644**	125,447

The amounts due from/to related parties do not attract interest and are receivable/payable on demand.

Key management compensation (including Directors' emoluments)	2016	2015
Directors' remuneration (Note 4)	**274,454**	102,000

18. Financial risk and capital management

18.1 Financial risk factors

The Company's financial instruments consist mainly of accounts and other receivables, amount due from related parties, amount due from subsidiaries, bank and cash balances, accounts and other payables and amount due to shareholder. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the years ended 31 March 2016 and 31 March 2015. The identified key risks are:

a) Currency risk

The Company manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements and foreign currency exposures and hedges foreign currency exposures.

The table below indicates the Company's foreign currency exposure at 31 March, as a result of its monetary assets and liabilities.

	2016	2015
	USD	USD
Euro	**2,734,910**	2,656,820
ZAR	**8,351,810**	10,792,800
AUD	**1,811,050**	1,180,800
CAD	**78,253**	--

The following tables demonstrate the sensitivity to a reasonably possible change in the following foreign currencies, with all other variables held constant. The impact on the Company's profit is due to changes in the fair value of monetary assets and liabilities.

	2016	2015
Change in currency rate in 1% (+/-)	Effect on profit (+/-) USD	Effect on profit (+/-) USD
Currency		
Euro	**27,349**	26,568
ZAR	**83,518**	107,928
AUD	**18,111**	11,808
CAD	**783**	--

b) Credit risk

The Company has no significant concentrations of credit risk. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade accounts receivable, amount due from subsidiaries and amount due from related party is subjected to credit evaluations and an allowance is made for any estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

The Company is exposed to significant concentration of credit risk. At the reporting date, 43% of the trade accounts receivable are due from 5 customers (2015: 35% from 5 customers).

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

18. Financial risk and capital management (Continued)

18.1 Financial risk factors (Continued)

c) Liquidity risk

2016	*On demand*	*0 to 6 months*	*6 months to 1 year*	*Total*
Due to a shareholder	**40,854,836**	--	--	**40,854,836**
Provision for warranty	--	--	**2,052,250**	**2,052,250**
Bank overdraft	--	--	**2,147,957**	**2,147,957**
Provision for claims payable	--	--	**2,198,790**	**2,198,790**
Provision for expenses	--	**22,790**	--	**22,790**
Other payables	--	**1,831,395**	--	**1,831,395**
Total	**40,854,836**	**1,854,185**	**6,398,997**	**49,108,018**

2015	*On demand*	*0 to 6 months*	*6 months to 1 year*	*Total*
Due to a shareholder	14,562,269	--	--	14,562,269
Provision for warranty	--	--	2,052,250	2,052,250
Provision for claims payable	--	--	2,486,992	2,486,992
Provision for expenses	--	600,746	--	600,746
Other payables	--	489,136	--	489,136
Total	14,562,269	1,089,882	4,539,242	20,191,393

18.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholders' funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholder's funds, the Company may adjust the amount of dividends paid to shareholders, return funds to shareholders, issue new shares, or sell assets to reduce its exposure to debt. No changes were made in the objectives, policies or processes during the years ended 31 March 2016 and 31 March 2015. Capital comprises share capital and retained earnings, and is measured at USD 35,194,936 as at 31 March 2016 (2015: USD 63,055,815).

19. Contingent liabilities

	2016	2015
Bank performance bonds and guarantees	**3,993,235**	1,854,258

Bank facilities are secured by a lien on margin money deposit held by banks, corporate guarantee of a shareholder (Note 12) and assignment of trade accounts receivable (Note 11).

20. Comparative figures

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.