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

Separate Financial Statements
31 March 2019

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VEGA INDUSTRIES (MIDDLE EAST) – F.Z.C, AJMAN FREE ZONE AJMAN

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Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Vega Industries (Middle East) – F.Z.C, Ajman Free Zone, Ajman ("the Company"), which comprise the separate statement of financial position as at 31 March 2019, and the separate statement of comprehensive income, separate statement of changes in shareholders' funds and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including the significant accounting policies set out in pages 3 to 27.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

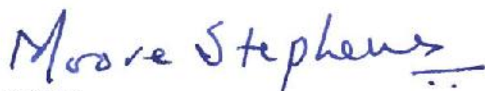
- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VEGA INDUSTRIES (MIDDLE EAST) – F.Z.C, AJMAN FREE ZONE, AJMAN (Continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Moore Stephens

Farad K. Lakdawala
Registration No: 341

Dubai
15 May 2019

Separate statement of comprehensive income

(stated in USD)

	Note	2019	2018
Income			
Revenue from contracts with customers	3.3 a) and 5	**335,650,499**	266,971,366
Cost of sales		**(302,218,309)**	(240,739,281)
Gross profit		**33,432,190**	26,232,085
Other income	6	**1,125,033**	3,490,775
Change in the fair value of investments designated at amortised cost		**--**	(64,885)
		34,557,223	29,657,975
Expenses			
General and administration	7	**4,178,584**	4,522,303
Selling and distribution	8	**16,667,727**	13,933,110
Impairment losses on financial assets	19.1 b)	**186,537**	110,422
Depreciation	9	**12,102**	12,782
		21,044,950	18,578,617
Profit and total comprehensive income for the year		**13,512,273**	11,079,358

The attached notes 1 to 21 form part of these separate financial statements.

Separate statement of financial position

(stated in USD)

	Note	2019	2018
Assets			
Non-current assets			
Furniture and equipment	9	22,639	23,661
Investment in subsidiaries	10	1,938,460	938,389
Total non-current assets		1,961,099	962,050
Current assets			
Financial assets held at amortised cost	11	9,430,000	9,115,315
Inventories	12	12,336,053	12,418,466
Accounts and other receivables	13	121,518,568	92,229,549
Bank and cash balances	14	17,698,084	15,954,413
Total current assets		160,982,705	129,717,743
Total assets		162,943,804	130,679,743
Shareholders' funds and liabilities			
Shareholders' funds			
Share capital	15	325,000	325,000
Retained earnings		45,175,199	31,738,810
Total shareholders' funds		45,500,199	32,063,810
Liabilities			
Non-current liabilities			
Employees' terminal benefits	16	198,755	190,769
Total non-current liabilities		198,755	190,769
Current liabilities			
Accounts and other payables	17	117,244,850	98,425,214
Total current liabilities		117,244,850	98,425,214
Total liabilities		117,443,605	98,615,983
Total shareholders' funds and liabilities		162,943,804	130,679,793

The attached notes 1 to 21 form part of these separate financial statements.

Director
15 May 2019

Separate statement of changes in shareholders' funds

(stated in USD)

	Share capital	Retained earnings	Total
Balance at 1 April 2018 (as previously reported)	**325,000**	**31,738,810**	**32,063,810**
Effect of adoption of new accounting standards (Note 4)	**--**	**(75,884)**	**(75,884)**
Balance at 1 April 2018 (as restated)	**325,000**	**31,662,926**	**31,987,926**
Total comprehensive income for the year	--	**13,512,273**	**13,512,273**
Balance at 31 March 2019	**325,000**	**45,175,199**	**45,500,199**

	Share capital	Retained earnings	Total
Balance at 1 April 2017	325,000	38,306,952	38,631,952
Total comprehensive income for the year	--	11,079,358	11,079,358
Dividend paid	--	(17,647,500)	(17,647,500)
Balance at 31 March 2018	325,000	31,738,810	32,063,810

The attached notes 1 to 21 form part of these separate financial statements.

Separate statement of cash flows

(stated in USD)

	Note	2019	2018
Cash flows from operating activities			
Total comprehensive income for the year		**13,512,273**	11,079,358
Adjustments for:			
Depreciation	9	**12,102**	12,782
Interest on investments at fair value	11	**(427,642)**	(367,009)
Changes in the fair value of investments	11	**--**	64,885
Impairment on financial assets	19.1 b)	**186,537**	110,422
Provision for warranty	17	**2,107,768**	1,760,846
Provision for employees' terminal benefits	16	**20,353**	21,137
Loss on disposal of furniture and equipment	9	**841**	1,707
Cash flows from operations before working capital changes		**15,412,232**	12,684,128
Decrease in inventories		**82,413**	3,661,296
(Increase) in accounts and other receivables		**(29,475,556)**	(20,871,800)
Increase in accounts and other payables		**16,711,868**	12,431,602
Employees' terminal benefits paid	16	**(12,367)**	(10,129)
Net cash from operating activities		**2,718,590**	8,228,865
Cash flows from investing activities			
Purchase of furniture and equipment	9	**(11,921)**	(10,751)
Increase in investment in subsidiaries	10	**(1,000,071)**	(106,000)
Interest on investments at fair value through profit or loss		**427,642**	367,009
Proceeds from disposal of financial assets at amortised cost		**3,000,000**	1,000,000
Purchase of financial assets at amortised costs		**(3,390,569)**	(5,000,000)
Net cash (used in) investing activities		**(974,919)**	(3,749,742)
Cash flows from financing activities			
Decrease in margin money deposits		**17,942**	268,912
Dividend paid		--	(17,647,500)
Net cash from/(used in) financing activities		**17,942**	(17,379,742)
Increase/(decrease)in cash and cash equivalents during the year		**1,761,613**	(12,899,465)
Cash and cash equivalents at the beginning of the year		**15,874,601**	28,774,066
Cash and cash equivalents at the end of the year	14	**17,636,214**	15,874,601

The attached notes 1 to 21 form part of these separate financial statements.

Notes to the Separate financial statements

(stated in USD)

1. Legal status and principal activities

Vega Industries (Middle East) – F.Z.C, Ajman Free Zone, Ajman ("the Company") is a Free Zone Company registered under the Ajman Free Zone Authority Offshore Companies Regulations 2003 of the United Arab Emirates.

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

The principal activity of the Company is trading and distribution of metal ore 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 standards adopted by the Company

The Company has adopted the following applicable new IFRSs as of 1 January 2018:

a. 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 contract
   - 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; and liability account balances between periods and key judgements and estimates.

   The Company adopted IFRS 15 using the full retrospective method. The effect of initially applying this standard did not have any material impact on The Company's separate financial statement as of 31 December 2018 and 31 December 2017 as a result of the changes in accounting policies as detailed in 3.4 a).

b. IFRS 9, 'Financial Instruments' 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 or 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.

   The Company has elected to apply the limited exemption in IFRS 9 relating to transition for classification and measurement and impairment, and accordingly the Company has applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Difference arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

   The impact of change in accounting policy is disclosed in Note 4.

Except for IFRS 9, the management believes the adoption of the above standard effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements.

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

2.2 Standard that is not yet effective and has not been adopted early by the Company

The following standard that is applicable to the Company has been published and is mandatory for accounting periods of the Company beginning after 1 January 2018, but which has not been adopted early by the Company:

- IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from accounting under IAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

The management has started an initial assessment of the potential impact of the above standard on its separate financial statements. The most significant impact identified is that the Company will recognise new assets and liabilities for its operating leases of office space.

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 in which the investments in subsidiaries are accounted at cost as explained in the respective accounting policy notes set out below. As required by International Financial Reporting Standards, the Company has prepared consolidated financial statements in which the financial statements of the subsidiaries are consolidated. These separate financial statements are supplementary to the consolidated financial statements and are not intended to replace or substitute that consolidated financial statements.

These separate 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 separate financial statements have been prepared in US Dollars (USD).

3.2 Basis of measurement

These separate financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied by the Company in these separate financial statements are set out below.

3.3 Significant accounting policies

a) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of goods
Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, normally on delivery to the customer. Prior to adoption of IFRS 15, the Company recognised revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, normally on delivery to the customer. Under IFRS 15, the Company concluded that sale of goods is recognised at a point in time and therefore the adoption of IFRS 15 did not have any impact on the timing of revenue recognition.

3. **Basis of preparation and significant accounting policies and estimates**

3.3 **Significant accounting policies (Continued)**

a) Revenue recognition (Continued)

Delivery occurs when the goods have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The normal credit terms are 30 days to 60 days from invoice date.

Advances from customers
The Company generally receives short-term advances from its customers. For short-term advances received from customers, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to customer will be one year or less.

b) Furniture and equipment

Furniture and equipment are stated in the separate 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 separate 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. 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 separate 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.

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

3.3 **Significant accounting policies (Continued)**

d) **Financial instruments – recognition, classification, measurement, derecognition and offsetting**

Policy applicable from 1 January 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) **Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to its acquisition or issue.

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(ii) **Classification and subsequent measurement**

Financial assets: Classification
On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVPL).

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the assets, or both.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets: Classification

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

Policy applicable from 1 January 2018 (Continued)

(ii) Classification and subsequent measurement (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortised cost or FVOCI as described above are measured at FVPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. .

The Company's financial assets include accounts and other receivables and bank and cash balances which are classified and subsequently measured at amortised cost. The Company's financial assets also include debt securities classified and subsequently measured at fair value through other comprehensive income.

Financial assets: Subsequent measurement and gains and losses

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is recognised in the separate statement of comprehensive income.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the separate statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the separate statement of comprehensive income. Any gain or loss on derecognition is also recognised in the separate statement of comprehensive income.

The Company's financial liabilities which include contract liabilities and trade and other payables are classified and measured at amortised cost.

(iii) Derecognition

Financial assets

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

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

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

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

Policy applicable from 1 January 2018 (Continued)

(iii) Derecognition (Continued)

(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.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender 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 separate statement of comprehensive income.

(iv) Offsetting

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

Policy applicable before 1 January 2018

(i) Recognition and initial measurement

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.

Initially, financial assets and financial liabilities are measured at fair value including transaction costs, for assets and liabilities not measured at fair value through profit or loss.

(ii) Classification and subsequent measurement

Financial assets: Classification
The Company classifies its financial assets as loans and receivables.

Financial assets: Subsequent measurement and gains and losses
Loans and receivables are stated at their amortised cost, using the effective interest method, less any allowances for doubtful receivables.

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

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

Policy applicable before 1 January 2018 (Continued)

(iii) Derecognition

Financial assets
A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is derecognised 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.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender 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 separate statement of comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the separate 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.

e) Impairment of financial assets

Policy applicable from 1 January 2018

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade accounts receivable and;
- Financial assets measured at amortised cost (other than trade receivables)

In case of trade accounts and other receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the customers/debtors and the economic environment. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

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

3.3 Significant accounting policies (Continued)

e) Impairment of financial assets (Continued)

Policy applicable from 1 January 2018 (Continued)

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the separate statement of comprehensive income.

Policy applicable before 1 January 2018 (Continued)

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 separate 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 separate 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 was 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) Inventories

Inventories are valued at the lower of the cost or net realisable value, after making due allowance for any obsolete or slow moving items. Cost consists of aggregate of purchase price and other related expenses incurred to bring the inventories to their present location and condition and is determined as follows:

- Goods held for sale – weighted average cost
- Goods in transit – cost incurred upto the reporting date

Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

g) Investment in subsidiaries

Investment in subsidiaries is carried at cost, less any impairment value. 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 recognised when the right to receive income is established.

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

3.3 Significant accounting policies (Continued)

h) 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.

i) 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.

j) Foreign currencies

Functional and presentation currency
The separate 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 separate statement of comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related assets, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

Translation of financial statements
The separate financial statements of the Company are translated into the presentation currency as follows:

(a) assets and liabilities in the separate statement of financial position are translated at the closing rate prevailing on the reporting date;

(b) income and expenses in the separate statement of comprehensive income are translated at average exchange rates; and

(c) all resulting exchange differences from translation of separate financial statements are recognised as other comprehensive income and are reflected as a separate component of equity in a foreign currency translation reserve.

k) Cash and cash equivalents

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

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

3.3 Significant accounting policies (Continued)

l) Operating leases

Activities as lessee
Rentals payable under operating leases are charged to the separate statement of comprehensive income on a straight-line basis over the term of the relevant lease.

m) 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.

n) 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.

3.4 Significant accounting estimates, judgements and assumptions

The preparation of separate 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 significant management judgements and 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:

IFRS 15, 'Revenue from contracts with customers'

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgments:

Satisfaction of performance obligation
The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine appropriate method of recognising revenue. The Company has assessed that it satisfies its performance obligations at a point in time when the control of the goods have transferred to the customer.

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

3.4 Significant accounting estimates, judgements and assumptions (Continued)

IFRS 15, 'Revenue from contracts with customers' (Continued)

Determining the timing of satisfaction of services
The Company concluded that revenue for services is to be recognised at a point in time because the customer receives and consumes the benefits provided by the Company when delivery is complete.

Determination of transaction prices
The Company is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgment, the Company assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Allocation of transaction price to performance obligation in contracts with customers
The Company has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Company considers that the use of input method which requires revenue recognition on the basis of the Company's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. Revenue recognised is based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer simultaneously receives and consumes the benefits provided by the Company. In these circumstances, the Company recognises income over time and in other cases, income is recognised at a point in time.

Impairment of financial assets

Estimates and judgements applicable from 1 January 2018

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade accounts receivable and due from related parties
The Company applies the simplified approach to measuring expected credit losses to its trade accounts receivable and due from related parties, which uses a provision matrix. The provision rates are based on days past due for groupings of various customer segments that substantially share the same risk characteristics or loss patterns. The provision rates are initially based on the Company's historical observed default rates and adjusted with current conditions and the Company's view of economic conditions over the expected lives of the receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Debt investments at amortised cost or FVOCI
For debt investments at amortised cost, the Company considers the investments to have low credit risk. It is the Company's policy to measure expected credit losses on such investments on a 12-month basis unless when there has been a significant increase in credit risk since origination, then allowance will be based on the lifetime expected credit losses. The Company's investments comprise significantly of listed/quoted bonds that have an investment grade credit rating and are considered to be low credit risk investments. Other financial assets are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

At each reporting date, the Company evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt investment. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Cash and cash equivalents
Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. While cash and cash equivalents are also subject to impairment, the identified impairment loss is considered immaterial.

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

3.4 Significant accounting estimates, judgements and assumptions (Continued)

Impairment of financial assets (Continued)

Estimates and judgements applicable before 1 January 2018

Trade accounts receivable and amounts due from related parties
An estimate of the collectible amount of trade accounts receivable and amounts due from 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.

Impairment of inventories

Inventories are held at the lower of cost or 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.

Impairment of furniture and equipment

A decline in the value of 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

Useful lives of furniture and equipment

The Company's management determines the estimated useful lives of its property 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. Impact on significant changes in accounting policies

The Company has applied IFRS 9 for the first time from 1 April 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are detailed below:

The Company has applied IFRS 9 prospectively, with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The following is the significant changes and its effects as a result of the initial adoption of the standard:

- Change in classification and measurement of financial instruments due to change in recognition criteria from financial assets recognised through profit and loss to financial assets at amortised cost.

4. Impact on significant changes in accounting policies (Continued)

The effect of adopting IFRS 9 as at 1 January 2018 are as follows:

	Impact of adopting IFRS 9
Assets	
Current assets	
Financial assets at amortised cost	75,884
Total current assets	75,884
Shareholder's funds	
Retained earnings	75,884
Total shareholder's funds	75,884

Classification and measurement

Except for financial instruments, the application of IFRS 9 did not result to changes in the classification and measurement of the Company's financial assets and financial liabilities.

Financial assets at amortised cost

Before the adoption of IFRS 9, the Company designated the change in fair value of the financial instruments through profit and loss. Upon adoption of the classification requirements of IFRS 9, the Company designates the financial instruments at amortised cost. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the statement of financial position as at 1 April 2018.

	Fair Value of financial instruments under IAS 39	Impact/adjustment	Value of financial instruments under IFRS 9
Financial assets at amortised cost	**9,115,315**	**75,884**	**9,039,431**
	9,115,315	**75,884**	**9,039,431**

5. Revenue from contracts with customers

The following sets out the disaggregation of the Group's revenue from contract with customers

a) *Type of goods or services*

	2018	2017
Sale of grinding media	**245,531,613**	188,136,633
Sale of mining liners	**83,962,045**	68,294,861
Sale of hardware accessories	**5,679,113**	5,095,114
Others	**477,728**	5,444,758
	335,650,499	266,971,366

b) *Customer relationship*

	2018	2017
Third party customers	**209,025,198**	182,841,877
Related party customers (Note 18)	**126,625,301**	84,129,489
	335,650,499	266,971,366

6. Other income

	2019	2018
Interest received on investments at fair value through profit or loss	**427,642**	367,009
Management fee (Note 18)	**292,870**	304,092
Gain on foreign currency fluctuation	**196,608**	--
Dividend received (Note 18)	**59,986**	289,939
Write back of unrepresented liabilities	**24,837**	2,490,195
Others	**123,090**	39,540
	1,125,033	3,490,775

Management fee represents amount charged to a subsidiary for the services rendered by the Company. (Note 18)

7. General and administration expenses

	2019	2018
Legal and professional fees	**1,665,796**	1,802,527
Staff salaries and employee related costs	**1,596,367**	1,509,689
Directors' remuneration (Note 18)	**256,809**	352,843
Bank charges	**201,587**	283,840
Insurance	**186,441**	174,294
Communication	**127,289**	136,825
Rent and license fees	**75,779**	62,557
Loss on foreign currency fluctuation	**--**	99,327
Others	**68,516**	100,401
	4,178,584	4,522,303

8. Selling and distribution expenses

	2019	2018
Clearing and forwarding (Note 18)	**11,748,070**	9,603,678
Commission on sales	**2,512,147**	2,378,433
Travelling and conveyance (Note 18)	**1,559,141**	1,576,004
Warehousing charges	**256,716**	200,483
Business promotion expenses	**244,731**	174,512
Product warranty expenses	**346,922**	--
	16,667,727	13,933,110

9. Furniture and equipment

2019	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2018	**50,169**	**28,416**	**87,990**	**90,869**	**257,444**
Additions during the year	**--**	**--**	**11,921**	**--**	**11,921**
Disposals during the year	**--**	**--**	**(1,496)**	--	**(1,496)**
At 31 March 2019	**50,169**	**28,416**	**98,415**	**90,869**	**267,869**
Accumulated depreciation					
At 1 April 2018	**49,682**	**27,255**	**68,669**	**88,177**	**233,783**
Charge for the year	**343**	**965**	**8,102**	**2,692**	**12,102**
Relating to disposals	**--**	**--**	**(655)**	--	**(655)**
At 31 March 2019	**50,025**	**28,220**	**76,116**	**90,869**	**245,230**
Net book value					
At 31 March 2019	**144**	**196**	**22,300**	**--**	**22,639**

2018	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2017	50,169	28,416	82,636	90,869	252,090
Additions during the year	--	--	10,751	--	10,751
Disposals during the year	--	--	(5,397)	--	(5,397)
At 31 March 2018	50,169	28,416	87,990	90,869	257,444
Accumulated depreciation					
At 1 April 2017	49,285	26,055	64,406	84,945	224,691
Charge for the year	397	1,200	7,953	3,232	12,782
Relating to disposals	--	--	(3,690)	--	(3,690)
At 31 March 2018	49,682	27,255	68,669	88,177	233,783
Net book value					
At 31 March 2018	487	1,161	19,321	2,692	23,661

10. 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	
			2019	2018
Vega Industries Limited	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	**75%**	100%
PT Vega Industries	Indonesia	Importing and distribution of grinding media	**99%**	99%
Vega Industries Chile SPA	Republic of Chile	Importing and distribution of grinding media	**100%**	100%
AIA Ghana Limited	Republic of Ghana	Importing and distribution of grinding media and mil liners and mining support services.	**100%**	--
Vega Industries Australia, Pty Ltd	Commonwealth of Australia	Importing and trading of steel and alloy casting and related components	**100%**	--

The carrying values of the above un-quoted subsidiaries are as follows:

Name of the subsidiaries	2019	2018
Vega Industries Limited 10,000 shares of GBP 1 each (2018 – 10,000 shares of GBP 1 each)	**334,375**	334,375
Wuxi Weigejia Trade Co. Ltd 30 shares of USD 10,000 each (2018 – 30 shares of USD 10,000 each)	**300,000**	300,000
Vega Steel Industries (RSA) (Proprietary) Limited 100 shares of ZAR 1 each (2018 – 100 shares of ZAR 1 each)	**14**	14
PT Vega Industries 198 shares of IDR 13,116,000 each (2018 – share application money)	**198,000**	198,000
Vega Industries Chile SPA (100 shares of CLP 670,300 each)	**106,000**	106,000
AIA Ghana Limited (4,421,700 shares of GHC 1 each)	**1,000,000**	--
Vega Industries Australia, Pty Ltd (100 shares of AUD 1 each)	**71**	--
	1,938,460	938,389

The above investments are stated at cost in these separate financial statements of the Company (Note 3.1).

The Company has operational and financial control over these subsidiaries.

11. Financial assets at fair value at amortised cost

Financial assets at fair value at amortised cost comprise:

Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Company's business model is achieved by holding the asset to maturity and collecting contractual cash flows.

	2019	2018
Debt securities		
- Investment bonds	**9,430,000**	9,115,315
	9,430,000	9,115,315

12. Inventories

	2019	2018
Goods held for re-sale	**6,236,659**	7,822,704
Goods in transit	**6,099,394**	4,595,762
	12,336,053	12,418,466

13. Accounts and other receivables

	2019	2018
Trade accounts receivable		
Third party receivables	**47,800,193**	41,711,554
Related party receivables	**73,301,346**	50,065,762
Due from related parties	**279,737**	223,826
Advance to suppliers	**248,772**	111,817
Interest accrued on investments	**110,885**	109,073
Prepaid expenses	**11,740**	42,868
Deposits	**38,439**	41,242
Other receivables	**146,652**	173,254
	121,937,764	92,479,396
Allowance for expected credit losses (Note 19.1 b))	**(419,196)**	(249,847)
	121,518,568	92,229,549

a) The Company's assessment of expected credit losses on due from related parties (funding) and other receivables is considered immaterial at the reporting date.

b) The Company's risk exposure and expected credit losses on trade accounts receivable and amounts due from related parties are disclosed in note 18.1 b).

c) Unimpaired receivables and amounts due from related parties are considered collectible based on historic experience. It is not the practice of the Company to obtain collateral over receivables.

14. Bank and cash balances

	2019	2018
Cash on hand	**7,114**	1,586
Bank current accounts	**17,629,100**	15,873,015
Margin money deposits	**61,870**	79,812
Bank and cash balances	**17,698,084**	15,954,413
Less: Margin money deposits under lien	**(61,870)**	(79,812)
Cash and cash equivalents in the statement of cash flows	**17,636,214**	15,874,601

Margin money deposits are subject to a lien for guarantees issued by banks on behalf of the Company (Note 20)

15. Share capital

	2019	2018
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

15. Share capital (Continued)

The shareholding structure is as follows:

	2019	2018
M/s. AIA Engineering Ltd, India (30,875 shares of USD 10 each)	308,750	308,750
Mr. Bhadresh Kantilal Shah (as a nominee of AIA Engineering Ltd.) India) (1,625 shares of USD 10 each)	16,250	16,250
	325,000	325,000

16. 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.

Movements in the provision recognised in the separate statement of financial position are as follows:

	2019	2018
Balance at the beginning of the year	190,769	179,761
Provided during the year	20,353	21,137
Paid during the year	(12,367)	(10,129)
Balance at the end of the year	198,755	190,769

17. Accounts and other payables

	2019	2018
Due to related parties	109,801,955	92,261,350
Provision for expenses	2,845,904	2,141,808
Contract liabilities	2,489,223	2,210,894
Provision for warranty	2,107,768	1,760,846
Other payables	--	50,316
	117,244,850	98,425,214

18. 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:

Related party transactions	Relationship	2019	2018
Revenue from contracts with customers (Note 5)	Subsidiaries	126,625,301	84,129,489
Purchases (under cost of sales)	Parent company	299,313,688	226,286,667
Management fees (other income) (Note 6)	Subsidiaries	292,870	304,092
Dividend received (Note 7)	Subsidiaries	59,986	289,939
Staff salaries and benefits (general and administration)	Subsidiaries	173,191	298,880
Finance charges	Parent company	18,493	66,781
Clearing and forwarding (selling and distribution expenses) (Note 8)	Parent company	6,540,720	7,881,679
Travelling and conveyance (selling and distribution expenses) (Note 8)	Subsidiaries	456,595	162,027

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

Key management compensation (including Directors' emoluments)	2019	2018
Directors' remuneration (Note 7)	256,809	352,843

19. Financial risk and capital management

19.1 Financial risk factors

The Company's financial instruments consist mainly of investments held at amortised cost accounts and other receivables, amount due from related parties, bank and cash balances, accounts and other payables and due to related parties. 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 2019 and 31 March 2018. 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.

	2019 **USD**	2018 USD
Euro	**878,542**	3,002,868
ZAR	**1,261,678**	578,875
AUD	**6,024,369**	2,469,558
GBP	**129,887**	383,002
CAD	**288,024**	285,254

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.

Change in currency rate in 1% (+/-)	**2019** Effect on profit (+/-) USD	2018 Effect on profit (+/-) USD
Currency		
Euro	**8,785**	30,029
ZAR	**12,617**	5,789
AUD	**60,244**	24,696
GBP	**1,299**	3,830
CAD	**2,880**	2,853

b) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balances, financial assets held at amortised cost, trade and other receivables and amounts due from related parties.

Debt instruments, bank balances and deposits
Credit risk from banks and financial institutions is managed in accordance with the Company's policy. The Company's bank accounts are placed only with high credit quality financial institutions. Investments to any financial instruments are made only with approved parties/financial institutions and within the limits established by the management. The limits are set to minimise the concentration of risks and mitigate financial loss.

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

b) Credit risk (Continued)

Trade accounts receivable and due from related parties

The credit risk on trade accounts receivables and due from related parties is subjected to credit evaluations. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are defined and are set based on internal and external ratings in accordance with the Company's policies. Outstanding customer receivables and amounts due from related parties are regularly monitored and an allowance has been made for expected credit losses. The amounts presented in the statement of financial position are net of allowances for expected credit losses.

Certain trade accounts receivable are secured by letters of credit or other forms of credit guarantee or insurance from reputable banks or financial institutions.

The Company is not exposed to any significant concentration of credit risk because its exposure is spread over a large number of customers. At the reporting date, 44% of the trade accounts receivable are due from 5 customers (2018: 47% from 5 customers) and 95% of amounts due from 3 related parties (2018: 96% from 3 parties).

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.

Impairment of financial assets

The Company has the following financial assets that are subject to the expected credit loss model:

a) Trade receivables
b) Financial assets carried at amortised cost

While cash and cash equivalents, financial assets carried at amortised cost and other receivables also subject to impairment, the identified impairment loss is considered immaterial.

The impairment losses on financial assets recognised in the separate statement of comprehensive income were as follows:

	2019	2018
Impairment loss on trade accounts receivable	**186,537**	110,422
Impairment losses on financial assets	**186,537**	110,422

Trade accounts receivable

The Company applies the simplified approach to measuring expected credit losses by using a provision matrix for all trade accounts receivable (see Note 3.3 a)).

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

b) Credit risk (Continued)

The loss allowance as at 31 March 2019 and 1 April 2018 (on adoption of IFRS 9) were determined as follows for trade accounts receivable:

31 March 2019	**Current**	**0 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Above 1 year**	**Total**
Trade accounts receivables	58,548,953	42,966,916	14,617,660	3,441,288	1,526,721	121,101,539
Less: Loss allowance for credit impaired trade and receivables (a)	--	--	--	--	(342,397)	(342,397)
Net carrying amount – trade accounts receivable	58,548,953	42,966,916	14,617,660	3,441,289	1,184,324	120,759,142
Expected loss rate	0.02%	0.03%	0.11%	0.50%	1.64%	
Loss allowance (b)	(11,710)	(12,890)	(16,079)	(13,855)	(22,265)	(76,799)
Total loss allowance for trade accounts receivable (a + b)	**(11,710)**	**(12,890)**	**(16,079)**	**(13,855)**	**(364,662)**	**(419,196)**

1 April 2018	Current	0 to 3 months	3 to 6 months	6 months to 1 year	Above 1 year	Total
Trade accounts receivable	49,439,414	32,241,045	7,882,480	2,274,377	--	91,777,316
Less: Loss allowance for credit impaired trade accounts receivables (a)	--	--	--	(249,847)	--	(249,847)
Net carrying amount – trade accounts receivable	49,439,414	32,241,045	7,882,480	2,024,530	--	91,527,469
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Loss allowance (b)	--	--	--	--	--	--
Total loss allowance for trade accounts receivable (a + b)	--	--	--	(249,847)	--	(249,847)

Reconciliation of the closing loss allowances for trade accounts as at 31 March to the opening loss allowances are as follows:

	Trade accounts receivable	
	2019	2018
Balance at 1 April	**249,848**	281,177
Additional of allowance for credit impaired trade accounts	**192,501**	110,422
Reversal of expected credit losses	**(5,964)**	--
Impairment losses on trade accounts receivable (net)	**436,385**	391,599
Amounts written off during the year	**(17,189)**	(141,751)
Balance at 31 March	**419,196**	249,848

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.

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

c) Liquidity risk

2019	*On demand*	*0 months to 1 year*	*Total*
Due to related parties	**109,801,955**	--	**109,801,955**
Provision for warranty	**2,107,768**	--	**2,107,768**
Provision for expenses	--	**2,845,904**	**2,845,904**
Total	**111,909,723**	**2,845,904**	**114,755,627**

2018	*On demand*	*0 months to 1 year*	*Total*
Due to related parties	92,261,350	--	92,261,350
Provision for warranty	1,760,846	--	1,760,846
Provision for expenses	--	2,141,808	2,141,808
Other payables	--	50,316	50,316
Total	94,022,196	2,192,124	96,214,320

19.2 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 2019 and 31 March 2018. Capital comprises share capital and retained earnings, and is measured at USD 45,500,199 as at 31 March 2019 (2018: USD 32,063,810).

20. Contingent liabilities

	2019	2018
Bank performance bonds and guarantees	**415,997**	18,520
	415,997	18,520

Bank facilities are secured by a lien on margin money deposit held by banks and corporate guarantee of a shareholder (Note 14).

21. Comparative figures

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