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

Financial Statements
31 March 2015

MOORE STEPHENS

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

P.O. Box 28817
Suite M 5A, Zalfa Building, Garhoud
Dubai, United Arab Emirates

T +971 (0)4 2820811/2820783
F +971 (0)4 2820812

www.moorestephens-me.com

Report on the financial statements

We have audited the accompanying independent financial statements of Vega Industries (Middle East) – F.Z.E, Ajman Free Zone, Ajman ("the Establishment"), which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in shareholder's 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 18.

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

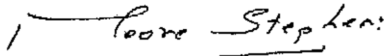
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Establishment as of 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Moore Stephens
Chartered Accountants

A. Nandakumar
Registration No. 340

Dubai
28 April 2015

Statement of comprehensive income

(stated in USD)

	Note	2015	2014
Income			
Sales	3.3 a)	**248,435,827**	227,053,563
Cost of sales		**(230,569,155)**	(207,411,113)
Gross profit		**17,866,672**	19,642,450
Other income	4	**650,962**	1,033,515
Profit on forward options		**3,088,792**	--
Change in the fair value of investments designated at fair value through profit or loss	9	**229,406**	16,846
		21,835,832	20,692,811
Expenses			
General and administration	5	**7,040,768**	5,223,318
Selling and distribution	6	**5,707,904**	4,580,475
Loss on forward options		**--**	2,398,000
Finance charges		**343,728**	344,328
Depreciation	7	**26,768**	29,453
Loss on sale of investments designated at fair value through profit or loss		**--**	714,598
		13,119,168	13,290,172
Profit and total comprehensive income for the year		**8,716,664**	7,402,639

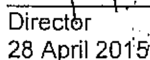
The attached notes 1 to 19 form part of these financial statements.

Statement of financial position

(stated in USD)

	Note	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	7	**46,559**	50,847
Investment in subsidiaries	8	**634,375**	634,375
Total non-current assets		680,934	685,222
Current assets			
Investments at fair value through profit or loss	9	**5,811,200**	4,570,775
Inventories	10	**15,413,370**	6,255,498
Accounts and other receivables	11	**55,292,130**	62,622,619
Bank and cash balances	12	**7,043,991**	15,774,962
Total current assets		83,560,691	89,223,854
Total assets		84,241,625	89,909,076
Shareholder's funds and liabilities			
Shareholder's funds			
Share capital	13	**325,000**	325,000
Retained earnings		**62,730,815**	62,951,651
Total shareholder's funds		63,055,815	63,276,651
Liabilities			
Non-current liabilities			
Employees' terminal benefits	14	**214,944**	185,266
Total non-current liabilities		214,944	185,266
Current liabilities			
Accounts and other payables	15	**20,970,866**	26,447,159
Total current liabilities		20,970,866	26,447,159
Total liabilities		21,185,810	26,632,425
Total shareholder's funds and liabilities		84,241,625	89,909,076

The attached notes 1 to 19 form part of these financial statements.



Director
28 April 2015

Statement of changes in shareholder's funds

(stated in USD)

	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**
Interim dividend paid	**--**	**(8,937,500)**	**(8,937,500)**
Balance at 31 March 2015	**325,000**	**62,730,815**	**63,055,815**

	Share capital	Retained earnings	Total
Balance at 1 April 2013	325,000	55,549,012	55,874,012
Total comprehensive income for the year	--	7,402,639	7,402,639
Balance at 31 March 2014	325,000	62,951,651	63,276,651

The attached notes 1 to 19 form part of these financial statements.

Statement of cash flows

(stated in USD)

	Note	2015	2014
Cash flows from operating activities			
Total comprehensive income for the year		8,716,664	7,402,639
Adjustments for:			
Depreciation	7	26,768	29,453
Interest on investments at fair value through profit or loss		(263,152)	(9,025)
Loss on sale of investments designated at fair value through profit or loss		--	714,598
Changes in the fair value of investments designated at fair value through profit or loss	9	(229,406)	(16,846)
Provision for employees' terminal benefits	14	41,880	42,829
Cash flows from operations before working capital changes		8,292,754	8,163,648
(Increase) / decrease in inventories		(9,157,872)	1,570,668
Decrease / (increase) in accounts and other receivables		7,330,489	(2,274,487)
(Decrease) / increase in accounts and other payables		(5,476,293)	2,674,448
Employees' terminal benefits paid		(12,202)	--
Decrease / (increase) in margin money deposits		86,584	(210,841)
Net cash from operating activities		1,063,460	9,923,436
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(22,480)	(7,575)
Additions to investments designated at fair value through profit or loss	9	(1,011,019)	(4,035,130)
Sale of investments designated at fair value through profit or loss		--	1,994,010
Interest on investments at fair value through profit or loss		263,152	9,025
Net cash (used in) investing activities		(770,347)	(2,039,670)
Cash flows from financing activities			
Interim dividend paid		(8,937,500)	--
Net cash (used in) financing activities		(8,937,500)	--
(Decrease) / increase in cash and cash equivalents during the year		(8,644,387)	7,883,766
Cash and cash equivalents at the beginning of the year		15,293,331	7,409,565
Cash and cash equivalents at the end of the year	12	6,648,944	15,293,331

The attached notes 1 to 19 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.E ("the Establishment") is a Free Zone Establishment incorporated under the Ajman Free Zone Authority Offshore Companies Regulations 2003 of the United Arab Emirates.

The Establishment that is wholly owned by AIA Engineering Limited, India ("ultimate holding company"), operates a branch in Australia and has fully owned subsidiaries in United Kingdom, Republic of South Africa and People's Republic of China.

The principal activity of the Establishment is trading and distribution of grinding media and related items. The principal place of business of the Establishment 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 Establishment

The Establishment has adopted the following applicable new and amended IFRSs as of 1 January 2014:

a. IAS 32 'Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32' clarifies the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The adoption of the amendments did not have any impact on the financial position or performance of the Establishment.

b. Amendments to IAS 36 'Impairment of Assets' issued in May 2013 corrects certain consequential amendments to IAS 36 disclosures when IFRS 13 was issued. The amendments also clarify other disclosure requirements relating to recoverable amount for non-financial assets. The adoption of the amendments did not have any impact on the financial position or performance of the Establishment.

c. Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' issued in June 2013 relates to the novation of a derivative and the impact on hedge accounting. The amendments provide relief from discontinuing hedge accounting when certain criteria are met. The adoption of the amendments did not have any impact on the financial position or performance of the Establishment.

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

The following standards and amendments to existing standards that are applicable to the Establishment have been published and are mandatory for accounting periods of the Establishment beginning after 1 January 2014, but which have not been adopted early by the Establishment:

a. IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and decrecognition 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.

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 Establishment (Continued)

b. In December 2013, the IASB issued amendments to its standards as part of its annual improvements projects which are applicable to annual periods beginning on or after 1 July 2014. The amendments to standards are as follows:

Annual Improvements 2010-2012 Cycle

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

Annual Improvements 2011-2013 Cycle

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment

c. 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 2017.

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.

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 in which the investment in subsidiaries are accounted for using the cost method of accounting as explained in the respective accounting policy 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).

These separate financial statements are prepared for local reporting purpose. Financial statements consolidating the subsidiaries are prepared by the Ultimate parent company.

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 Establishment 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 Establishment 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 Establishment 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.

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.

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

3.3 Significant accounting policies (Continued)

c) Impairment of non-financial assets

At each reporting date, the Establishment 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 Establishment 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 Establishment 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 Establishment 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 Establishment 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 Establishment 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 Establishment 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 Establishment'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 Establishment 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 Establishment, 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 Establishment 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 is approximate to 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 Establishment 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 Establishment.

l) Foreign currencies

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

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 Establishment. 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, due from subsidiaries and amount due from related parties

An estimate of the collectible amount of trade accounts receivable, amount due from subsidiaries and amount 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. 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 Establishment'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

	2015	2014
Management fee (Note 16)	**387,810**	875,741
Interest received on investments at fair value through profit or loss	**263,152**	9,025
Unrepresented liabilities written back	--	143,246
Others	--	5,503
	650,962	1,033,515

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

5. General and administration expenses

	2015	2014
Staff salaries and benefits	**1,324,892**	1,467,359
Director's remuneration (Note 16)	**102,000**	102,000
Rent	**58,559**	62,164
Communication expenses	**113,761**	112,282
Travelling and conveyance	**1,236,681**	1,123,026
Legal and professional expenses	**901,349**	506,211
Allowance for impaired receivables / write off	**463,637**	444,373
Loss on foreign exchange fluctuation	**2,141,954**	990,008
Management expenses (Note 16)	**87,820**	266,988
Consultancy charges (Note 16)	**214,250**	--
Other expenses	**395,865**	148,907
	7,040,768	5,223,318

Management expenses represent expenses incurred on overseas operations recharged from its subsidiaries.

Consultancy charges are paid to a subsidiary for the services rendered by them based on an agreement.

6. Selling and distribution expenses

	2015	2014
Commission on sales	**3,239,690**	2,295,070
Warranty provision	**2,052,250**	--
Claims payable	**207,569**	2,188,912
Business promotion expenses	**46,713**	40,178
Others	**161,682**	56,315
	5,707,904	4,580,475

7. Property, plant and equipment

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					
Net book value	**42,984**	**21,077**	**49,217**	**68,582**	**181,860**
At 31 March 2015	**6,035**	**4,722**	**13,515**	**22,287**	**46,559**

7. **Property, plant and equipment (Continued)**

2014	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Cost					
At 1 April 2013	48,578	23,390	48,453	77,943	198,364
Additions during the year	--	534	7,041	--	7,575
At 31 March 2014	48,578	23,924	55,494	77,943	205,939
Accumulated depreciation					
At 1 April 2013	24,818	15,470	34,916	50,435	125,639
Charge for the year	9,056	3,229	6,985	10,183	29,453
At 31 March 2014	33,874	18,699	41,901	60,618	155,092
Net book value					
At 31 March 2014	14,704	5,225	13,593	17,325	50,847

8. **Investment in subsidiaries**
(Unquoted at cost)

At the reporting date, the Establishment owns shares in the following limited liability Companies:

Name	Country of registration	Activity	Proportion of the ownership interest held by the Establishment 2015	2014
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 equipments, 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%

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

Name of the Company	2015	2014
Vega Industries Limited, U.K 10,000 shares of GBP 1 each (2013 – 10,000 shares of GBP 1 each)	**334,375**	334,375
Wuxi Weigejia Trade Co. Ltd 30 shares of USD 10,000 each (2013 – 30 shares of USD 10,000 each)	**300,000**	300,000
Vega Steel Industries (RSA) (Proprietary) Limited 100 shares of ZAR 1 each (2013 – 100 shares of ZAR 1 each)	**--**	--
	634,375	634,375

The above investments are stated at cost in these separate financial statements of the Establishment (Note 3.1). However, investment in Vega Steel Industries (RSA) has been fully impaired in the prior years.

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

9. Investments at fair value through profit or loss

The Establishment has portfolio investments through various investment banks for which the movement is as follows:

	2015	2014
Balance at the beginning of the year	**4,570,775**	3,227,407
Investments during the year	**1,011,019**	4,035,130
Change in fair value	**229,406**	16,846
Cost of investments sold during the year	--	(2,708,608)
Balance at the end of the year	**5,811,200**	4,570,775

10. Inventories

	2015	2014
Goods in transit	**14,658,933**	6,255,498
Goods held for re-sale	**754,437**	--
	15,413,370	6,255,498

11. Accounts and other receivables

	2015	2014
Trade accounts receivable	**19,313,504**	31,292,140
Allowance for impaired receivables	**(686,851)**	(391,267)
	18,626,653	30,900,873
Due from subsidiaries	**19,038,981**	23,446,383
Due from a related party	**17,270,779**	7,784,643
Prepaid expenses	**68,979**	4,116
Deposits	**40,507**	38,329
Interest accrued on investments	**67,410**	48,410
Other receivables	**178,821**	399,865
	55,292,130	62,622,619

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

	2015	2014
Balance at beginning of the year	**391,267**	--
Additional provision during the year	**463,637**	444,373
Written off during the year	**(168,053)**	(53,106)
Balance at the end of the year	**686,851**	391,267

Unimpaired receivables, amount due from subsidiaries and amount due from related parties are considered collectible based on historic experience. It is not the practice of the Establishment to obtain collateral over receivables.

12. Bank and cash balances

	2015	2014
Cash on hand	**1,382**	1,362
Bank balances	**6,647,562**	15,291,969
Margin money deposits	**395,047**	481,631
Bank and cash balances	**7,043,991**	15,774,962
Less: Margin money deposits under lien	**(395,047)**	(481,631)
Cash and cash equivalents in the statement of cash flows	**6,648,944**	15,293,331

Margin money deposits are subject to a lien for bank guarantees issued by banks on behalf of the Establishment (Note 18).

13. Share capital

	2015	2014
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

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 2015 amounted to USD 41,880 (2014: USD 42,829).

15. Accounts and other payables

	2015	2014
Due to a shareholder	**14,562,269**	18,369,482
Provision for warranty	**2,052,250**	--
Provision for claims payable	**2,486,992**	2,279,423
Provision for expenses	**600,746**	209,043
Advance from customers	**779,473**	5,159,472
Other payables	**489,136**	429,739
	20,970,866	26,447,159

16. Related party transactions

Related parties represent shareholders and key management personnel of the Establishment 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:

	2015	2014
Sales	**103,517,426**	88,645,457
Cost of sales	**229,287,760**	203,096,595
Management expenses	**87,820**	266,988
Consultancy charges (Note 5)	**214,250**	--
Management fees (other income) (Note 4)	**387,810**	875,741

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

Key management compensation (including Directors' emoluments)	2015	2014
Director's remuneration (Note 5)	**102,000**	102,000

17. Financial risk and capital management

17.1 Financial risk factors

The Establishment'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 Establishment'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 Establishment'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 2015 and 31 March 2014. The identified key risks are:

17. Financial risk and capital management (Continued)

17.1 Financial risk factors (Continued)

a) Currency risk

The Establishment manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Establishment does not hedge 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.

	2015 USD	2014 USD
Euro	**2,656,820**	2,706,220
ZAR	**10,792,800**	9,875,360
AUD	**1,180,800**	2,088,690

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 Establishment's profit is due to changes in the fair value of monetary assets and liabilities.

	2015	2014
Change in currency rate in 1% (+/-)	Effect on profit (+/-) USD	Effect on profit (+/-) USD
Currency		
Euro	26,568	27,062
ZAR	107,928	98,754
AUD	11,808	20,887

b) Credit risk

The Establishment has no significant concentrations of credit risk. The Establishment'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 Establishment 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, 35 % of the trade accounts receivable are due from 5 customers (2014: 30% from 5 customers).

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

c) Liquidity risk

The Establishment manages its liquidity risk by ensuring it has sufficient liquid cash balances and funding from shareholders is available to meet its payment obligations as they fall due.

The table below summarises the maturities of the Establishment's undiscounted financial liabilities at 31 March, based on contractual payment dates:

17. Financial risk and capital management (Continued)

17.1 Financial risk factors (Continued)

c) Liquidity risk (Continued)

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

2014	*On demand*	*0 to 6 months*	*6 months to 1 year*	*Total*
Due to a shareholder	18,369,482	–	–	18,369,482
Provision for claims payable	–	–	2,279,423	2,279,423
Provision for expenses	–	209,043	–	209,043
Other payables	–	429,739	–	429,739
Total	18,369,482	638,782	2,279,423	21,287,687

17.2 Capital management

The Establishment's objectives when managing capital are to safeguard the Establishment'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 Establishment sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Establishment 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 Establishment 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 2015 and 31 March 2014. Capital comprises share capital and retained earnings, and is measured at USD 63,055,815 as at 31 March 2015 (2014: USD 63,276,651).

18. Contingent liabilities

	2015	2014
Bank performance bonds and guarantees	**1,854,258**	1,679,367

Bank facilities are secured by a lien on the cash margins held by the banks and corporate guarantee given by the shareholder (Note 12).

19. Comparative figures

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