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Mold Tek Packaging FZE

P.O Box # 328559, Ras Al Khaimah, United Arab Emirates

INTERIM FINANCIAL STATEMENTS

(Period Ended March 31, 2017)

INDEX TO THE FINANCIAL STATEMENTS

ESTABLISHMENT INFORMATION

Shareholder
Moldtek Packaging Limited, India

Manager
Mr Saibaba Tata

Principle activities
The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

License No.
8000345

Business Address
P.O Box # 328559
Ras Al Khaimah, United Arab emirates

Bankers
Citi Bank, Dubai, United Arab Emirates

Auditors
TRC PAMCO Middle East Auditing and Accounting
P O Box 94570, Dubai
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MANAGER'S REPORT

The management of "Mold Tek Packaging FZE" are pleased to present their report together with the interim financials and the review report for the 3 months period ended March 31, 2017.

Business review

During the period, the Establishment has commenced the commercial production.

Principal activity

The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

Events subsequent to the balance sheet date

There were no major events which occurred since the period end that materially affect the financial position of the Establishment.

Acknowledgement

The Establishment takes this opportunity to place on record their gratitude to the various government departments, banks, professionals and business associates for their continued assistance and support extended to the entity. The establishment also wish to express their appreciation to the employees at all levels for their hard work, dedication & commitment.

For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017

Review Report

The Shareholder
Mold Tek Packaging FZE
P.O.Box # 84723, Dubai
United Arab Emirates

Review report on the interim financial statement of Mold Tek Packaging FZE for the period ended March 31, 2017

Introduction

We have reviewed the accompanying condensed financial statements of Mold Tek Packaging FZE (the Establishment) as at March 31, 2017, which comprise of the condensed financial position, condensed statement of comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (IAS 34), "Interim Financial reporting". Our responsibility is to expresss a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 and in accordance with the implementing regulations concerning the formation of Free Zone Establishment in Ras Al Khaimah Free Trade Zone. A review of condensed consolidated interim
financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The interim financials are prepared for the purpose of consolidation into the holding company financial statements and should not be used for any other purpose.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial information as on March 31, 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 : "Interim Financial Reporting".

TRC PAMCO Middle East Auditing & Accounting
Reg. No: 423
Dubai
Date: May 24, 2017

Condensed statement of financial position as on March 31, 2017

			(in AED)
	Notes	**As on Mar.31, 2017**	As on Dec.31, 2016
ASSETS EMPLOYED			
Non current assets			
Property, plant and equipment	3	**10,509,390**	9,483,287
Capital work in progress	4	**-**	1,274,354
		10,509,390	10,757,641
Current assets			
Advance, deposits and prepayments	5	**665,927**	157,399
Accounts receivable	6	**449,837**	67,344
Inventory	7	**281,969**	248,656
Cash and cash equivalents	8	**944**	2,153,814
		1,398,677	2,627,212
TOTAL ASSETS		**11,908,068**	13,384,854
FUNDS EMPLOYED			
Shareholder's funds			
Share capital		**5,458,000**	5,458,000
Accumulated losses		**(1,019,530)**	(383,995)
		4,438,470	5,074,005
Non current liabilities			
Bank borrowings	9	**5,464,481**	5,464,481
Current liabilities			
Short term borrowings	10	**1,824,920**	-
Due to related parties	11	**83,919**	2,763,222
Accounts payable	12	**21,350**	16,840
Accruals	13	**74,928**	66,306
		2,005,117	2,846,368
TOTAL LIABILITIES		**11,908,068**	13,384,854

These financial statements were approved on May 24, 2017

Annexed notes form an integral part of these financial statements.

For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017

Condensed statement of comprehensive income for the period ended March 31, 2017

				(in AED)
	Notes	**3 months ended Mar.31, 2017**	3 months ended Dec.31, 2016	9 months ended Dec.31, 2016
REVENUE				
Revenue from sale of goods		**506,102**	63,606	63,606
Less : Cost of goods of sold	14	**(829,777)**	(280,567)	(280,567)
		(323,675)	(216,961)	(216,961)
EXPENDITURE				
Administrative and general expenses	15	**145,088**	157,587	157,587
Depreciation	3	**166,772**	9,447	9,447
		311,860	167,034	167,034
Operational loss for the period		**(635,535)**	(383,995)	(383,995)
Other comprehensive income			-	
Net comprehensive loss for the period		**(635,535)**	(383,995)	(383,995)

These financial statements were approved on May 24, 2017
Annexed notes form an integral part of these financial statements.

For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017

Condensed statement of cash flow for the period ended March 31, 2017

		3 months ended March.31, 2017	9 months ended Dec.31, 2016
			(in AED)
I.	**FROM OPERATING ACTIVITIES**		
	Net comprehensive loss for the period	**(635,535)**	(383,995)
	Adjustments:		
	Depreciation	**166,772**	52,962
	Cash flow before working capital changes	**(468,763)**	(331,034)
	Working capital changes		
	Advance and deposits	**(508,528)**	(157,399)
	Accounts receivable	**(382,493)**	(67,344)
	Inventory	**(33,313)**	(248,656)
	Accounts payable	**4,510**	16,840
	Accruals	**8,622**	66,306
	Net cash flow used in operating activities (A)	**(1,379,965)**	(721,286)
II.	**FROM INVESTING ACTIVITIES**		
	Net additions to plant, property and equipment	**(1,192,875)**	(9,536,249)
	Capital work in progress transferred/(incurred)	**1,274,354**	3,233,704
	Preoperative expenses transferred/(incurred)	**-**	251,927
	Net cash flow used in investing activities (B)	**81,479**	(6,050,618)
III.	**FROM FINANCING ACTIVITIES**		
	Share capital	**-**	5,258,000
	Proceeds from term loan	**-**	5,464,481
	Proceeds from short term loan	**1,824,920**	
	(Net repayment)/proceeds from unsecured loan	**(2,679,303)**	(1,916,494)
	Net cash flow generated from financing activities (C)	**(854,383)**	8,805,987
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(2,152,870)**	2,034,083
	Cash and cash equivalents, beginning of the period	**2,153,814**	119,731
	Cash and cash equivalents, end of the period	**944**	2,153,814
	Cash & Cash equivalents		
	Cash on hand	**944**	-
	Bank balances	**-**	2,153,814
	Cash and cash equivalents as per cash flow statement	**944**	2,153,814

These financial statements were approved on May 24, 2017
Annexed notes form an integral part of these financial statements.
For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017

Condensed statement of changes in equity for the period ended March 31, 2017

(in AED)

Particulars	Share capital	Accumulated losses	Total
Capital introduced	200,000	-	200,000
Income for the period	-	-	-
As on March 31, 2016	**200,000**	**-**	**200,000**
Capital introduced during the period	5,258,000	-	5,258,000
Loss for the period	-	(383,995)	(383,995)
As on December 31, 2016	**5,458,000**	**(383,995)**	**4,874,005**
Capital introduced during the period	-	-	-
Loss for the period	-	(635,535)	(635,535)
As on March 31, 2017	**5,458,000**	**(1,019,530)**	**4,238,470**

These financial statements were approved on May 24, 2017
Annexed notes form an integral part of these financial statements.
For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017

Notes to the interim financial statements for the period ended March 31, 2017

The interim financial statements have been prepared for the period ended March 31, 2017

1. LEGAL STATUS ACTIVITIES AND MANAGEMENT

1.1 Legal Status

Mold Tek Packaging FZE was incorporated as a Free Zone Establishment with Limited Liability bearing Registration No. RAKFTZA-FZE-4016196. The Establishment was formed on January 12, 2016 in accordance with the implementing regulations regarding the formation of a Free Zone Establishment. The registered address of the Establishment is P.O. Box 328559, Ras Al Khaimah, United Arab Emirates.

The registered office of the Establishment is located in the Emirates of Ras Al Khaimah.

As per the Memorandum & Articles of Association and its subsequent amendments: the issued, subscribed and paid up capital of the Establishment as on March 31, 2017 is AED 5,458,000 (United Arab Emirates Dirham Five Million Four Hundred and Fifty Eight Thousand only) divided into 5,458 shares of AED 1,000 and all the shares are held by Mold-Tek Packaging Limited, India.

1.2 Activities

The principal activities of the Establishment are "Plastic Bottles and Containers Manufacturing".

1.3 Management

The Establishment is managed by Mr Saibaba Tata, Indian National holding passport no: Z3172194, who is also mentioned as manager in the trade license.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

2.2 Accounting convention

These financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair values, of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading.

The financial statements of the establishment are prepared on a going concern basis as the management has no intention to liquidate the establishment or cease its operations. The assets and liabilities are recorded on the basis that entity will be able to realise its assets and discharge its liabilities in the normal course of business.

2.3 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

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

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognized in the financials statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with in the next financial year, are as explained in the remaining part of Note 2.

2.4 Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment.

All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

Notes to the interim financial statements for the period ended March 31, 2017

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements : 5 to 10 years
Plant and machinery : 15 years
Electrical and other equipment : 10 years

Furniture and Fixtures : 10 years
Office equipment : 5 years
Vehicle : 8 years

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.5 Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

2.6 Financial assets

a. Initial recognition and measurement

Financial assets are recognized on the balance sheet when, and only when, the establishment becomes a party to the contractual provisions of the financial instrument. The establishment determines the classification of its financial assets at initial recognition.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

b. Subsequent measurement

The subsequent measurement of non derivative financial assets depend on their classification as follows:

Notes to the interim financial statements for the period ended March 31, 2017

The establishment classifies non derivative financial assets are follows : financial assets at fair value through profit or loss, held to maturity financial assets, available for sale financial assets and loans and receivables.

c. **Held to maturity financial assets**
The establishment does not have any held to maturity financial assets.

d. **Available for sale financial assets**
Available for sale financial assets include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or in response to changes in the market conditions.

2.7 Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, and through the amortization process.

2.8 Impairment of non-financial assets

The Establishment assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Establishment estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Establishment's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Establishment bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Establishment's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the establishment estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Impairment of financial assets

The Establishment assesses at each reporting date whether there is any objective evidence that a financial asset or a Establishment of financial assets is impaired. A financial asset or a Establishment 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 has an impact on the estimated future cash flows of the financial asset or the Establishment of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a establishment of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognized in the statement of comprehensive income. Impairment is determined as follows:

Notes to the interim financial statements for the period ended March 31, 2017

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income;
b. For assets carried at cost, impairment is the difference between the carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c. For assets carried at amortized cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2.10 Revenue

Revenue is recognized 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 and excluding taxes or duty.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership is transferred to the buyer.

2.11 Inventories

Inventories represent stock in trade and are valued at cost or net realisable value whichever is lower as on the reporting date. Cost of inventories comprise all costs of purchase and where applicable costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Cost is arrived at using the Weighted Average Method. Net Realisable Value represents the estimated selling value of material less the costs involved in selling the product.

2.12 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, cheques on hand, balance in current accounts, bank balances, and short-term deposits with an original maturity of three months or less and highly liquid investments with a maturity date of three months or less from the date of investment.

2.13 Employee terminal benefits

The establishment provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.14 Foreign currency

Transactions in foreign currencies are initially recorded by the establishment at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

2.15 Provisions

Provisions are recognized when the establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the establishment expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Notes to the interim financial statements for the period ended March 31, 2017

2.17 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Notes to the interim financial statements for the period ended March 31, 2017

3. PROPERTY, PLANT AND EQUIPMENT

(in AED)

Particulars	Leasehold improvements	Plant & machinery	Electrical and other equipment	Furniture and Fixtures	Office Equipment	Computer	Motor vehicle	Total
Cost								
As at January 1, 2017	41,265	8,841,851	434,937	22,394	19,478	14,402	161,923	9,536,249
Additions during the period	6,208	1,150,523	3,745	8,436	23,288	675	-	1,192,875
(Disposals) during the period	-	-	-	-	-		-	-
As at March 31, 2017	**47,473**	**9,992,374**	**438,682**	**30,830**	**42,766**	**15,077**	**161,923**	**10,729,124**
Depreciation								
As at January 1, 2017	780	35,501	4,963	695	1,598	1,473	7,950	52,962
Additions during the period	2,051	146,521	10,224	692	1,487	1,057	4,742	166,772
(Disposals) during the period	-	-	-	-	-		-	-
As at March 31, 2017	**2,831**	**182,022**	**15,187**	**1,387**	**3,085**	**2,530**	**12,692**	**219,734**
	3.03	7.85						
Net value								
As at March 31, 2017	**44,642**	**9,810,352**	**423,495**	**29,443**	**39,681**	**12,547**	**149,231**	**10,509,390**
As at December 31, 2016	40,484	8,806,349	429,974	21,699	17,880	12,929	153,973	9,483,287
As at March 31, 2016	-	-	-	-	-	-	-	-

Notes to the interim financial statements for the period ended March 31, 2017

		(in AED)
	As on Mar. 31, 2017	As on Dec. 31, 2016
4. CAPITAL WORK IN PROGRESS		
Capital work in progress	**-**	1,274,354
	-	1,274,354
(During the period capital work in progress is fully capitalised)		
5. PREOPERATIVE EXPENSES		
Preoperative expenses	**-**	-
	-	-
(Expenses incurred for the incorporation and it is capitalised)		
6. ADVANCE, DEPOSITS AND PREPAYMENTS		
Security deposit	**64,450**	50,450
Advance	**276,638**	65,342
Prepayments	**324,839**	41,607
	665,927	157,399
7. ACCOUNTS RECEIVABLE		
Accounts receivable	**449,837**	67,344
Less: Provision for bad and doubtful debts	**-**	-
	449,837	67,344
Accounts receivable are considered and not impaired as on the reporting date		
8. INVENTORY		
Stock of raw material and consumables	**281,969**	248,656
	281,969	248,656
(As valued and certified by the management. Inventory purchased for the production)		
9. CASH AND CASH EQUIVALENTS		
Cash on hand	**944**	-
Cash at bank (overdraft)	**-**	2,153,814
	944	2,153,814

Notes to the interim financial statements for the period ended March 31, 2017

	As on Mar. 31, 2017	As on Dec. 31, 2016
		(in AED)
10. BANK BORROWINGS		
Term loan from Citibank N.A., UAE	**5,464,481**	5,464,481
	5,464,481	5,464,481

The Establishment has availed term loan of AED 5,464,481 (Previous period : AED 5,464,481) in October 2016 from Citibank N.A., UAE. The loan is repayable over the period of five years with moratorium repayment period of one year and is repayable by September 2021. Interest rate on the term loan is 3 month EIBOR plus 1.75% p.a.

Term loan is secured against
a. Stand By Letter of Credit (SBLC) of AED 5,464,481 from Citibank India
b. Assignment of stock insurance policy in favour of Citibank
c. Pledge/charge over the specific assets and machineries owned by the Establishment

11. BANK BORROWINGS - SHORT TERM

Overdraft facility with bank	**1,824,920**	-

The Establishment has availed overdraft facility of AED 4,000,000 (Previous period : Nil) from Citibank N.A., UAE. The loan is repayable with in the one year. Interest rate on the overdraft facility is 1 month EIBOR plus 1.75% p.a. with respect to minimum interest of 2.75%.

12. DUE TO RELATED PARTIES

Due to Moldtek Packaging Limited, India	**83,919**	2,763,222

The amount due to the related party is interest-free, unsecured and does not have a fixed repayment schedule.

13. ACCOUNTS PAYABLE

Trade creditors	**14,550**	16,840
Advance from customer	**6,800**	-
	21,350	16,840

14. ACCRUALS

Salary and expenses payable	**74,928**	66,306
	74,928	66,306

Notes to the interim financial statements for the period ended March 31, 2017

	3 months ended Mar. 31, 2017	3 months ended Dec. 31, 2016	9 months ended Dec. 31, 2016
			(in AED)
15. COST OF GOODS SOLD			
Opening balance of stock	**248,656**	-	-
Add: Purchases and direct expenses	**863,090**	529,223	529,223
Less: Closing stock	**(281,969)**	(248,656)	(248,656)
	829,777	280,567	280,567
16. ADMINISTRATIVE AND GENERAL EXPENSES			
Interest cost	**42,948**	27,522	27,522
Bank charges	**3,479**	1,075	1,075
Inauguration expenses	**-**	81,376	81,376
Insurance	**9,888**	4,586	4,586
Preliminary expenses	**-**	5,745	5,745
Professional and consultancy expense	**6,000**	7,750	7,750
Repairs and maintenance	**29,129**	1,591	1,591
Other expenses	**53,644**	27,942	27,942
	145,088	157,587	157,587

17. FINANCIAL INSTRUMENTS

Financial instruments mean financial assets, financial liabilities and equity instruments. Financial assets of the Establishment include advance, deposit, inventory and bank balances. Financial liabilities include trade payable, accruals and due to related parties. Accounting policies for financial assets and liabilities are set out in note. Disclosures about significant financial instruments to which the establishment is a party, including the recognition methods adopted, are disclosed in the individual policy statements associated with each item.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprises of credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

a. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The establishment has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the establishment has policies to limit the amount of credit exposure to any financial institution.

Notes to the interim financial statements for the period ended March 31, 2017

The establishment's bank account are placed with high credit quality financial institution. The establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period is:

		(in AED)
	Mar.31, 2017	**Dec.31, 2016**
Advance, deposits and prepayments	665,927	157,399
Accounts receivable	449,837	67,344
Inventory	281,969	248,656
	1,397,733	**473,399**

b. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the establishment's functional currency. The establishment does not have any significant currency risk as the establishment’s transactions are mainly in United Arab Emirate Dirham (AED) and US Dollar (USD). AED are pegged to USD and as such there are no currency fluctuation risks on this account.

c. Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The establishment has income and operating cash flows are substantially independent of the changes in market interests rates. The borrowings from banks are towards vehicle loan and are exposed to fixed interest rate.

d. Capital risk management

The establishment manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The establishment’s overall strategy remains unchanged during the period.

e. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following summarizes the maturities of the Establishment's undiscounted financial liabilities as on March 31, 2017; based on contractual payment dates and current market interest rates.

Notes to the interim financial statements for the period ended March 31, 2017

	Within 1 year	1 to 5 years	More than 5 years
			(in AED)
As on March 31, 2017			
Due to related parties	83,919	-	-
Accounts payable	21,350	-	-
Accruals	74,928	-	-
Shot term borrowing - overdraft	1,824,920	-	-
Bank borrowings		5,464,481	-
	2,005,117	**5,464,481**	**-**

	Within 1 year	1 to 5 years	More than 5 years
			(in AED)
As on December 31, 2016			
Due to related parties	2,763,222	-	-
Accounts payable	16,840	-	-
Accruals	66,306	-	-
Bank borrowings	-	5,464,481	-
	2,846,368	**5,464,481**	**-**

18. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

As at the approval of the financial statements, the Establishment does not have any other significant events that warrant a modification of the value of its assets and liabilities or any other disclosure.

19. RELATED PARTY TRANSACTIONS

The Establishment enters into transactions with companies and entities that fall within definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprises companies and entities under common ownership and/ or common management and control and key management personnel. The Establishment's management decides on the term and conditions of such related party transactions as well as on other services and charges.

Following is the break up of the transactions done with the related parties as on March 31, 2017.

Notes to the interim financial statements for the period ended March 31, 2017

		(In AED)
	Mar. 31, 2017	**Dec. 31, 2016**
Due to Moldtek Packaging Limited, India		
Opening balance	2,763,222	4,679,716
Funds transferred	-	744,736
Purchases and expenses	149,475	-
Less : Repayment of loan	(2,828,778)	(2,661,230)
Balance payable	**83,919**	**2,763,222**

In the previous period, Moldtek Packaging Limited, India has charged guarantee fee of AED 13,758 for the SBLC issued to Citibank India for securing the loan from Citibank UAE.

20. SEGMENT REPORTING

There are no separate business line to be reported as per the management and hence, there are no reportable business segment.

21. GENERAL

a. Figures in the financial statements are rounded off to the nearest United Arab Emirates Dirham.

b. Previous period figures are for nine months period and hence are not comparable with the present period figures that are prepared for three months.

c. In the opinion of the management, all the assets as on March 31, 2017 as shown in the financial statement are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.

22. AUTHORISATION OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements for the period ended March 31, 2017 were authorized by board of directors.

For Mold Tek Packaging FZE

Mr Saibaba Tata
Manager
Place: Ras Al Khaimah
Date: May 24, 2017