

ELECON MIDDLE EAST FZCO

Financial Statements

31 March 2015

ELECON MIDDLE EAST FZCO

Financial Statements
31 March 2015

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ELECON MIDDLE EAST FZCO
Manager's Report

The manager submits his report and financial statements for the year ended 31 March 2015.

Results and appropriation

The result of the company and the appropriations made during the year ended 31 March 2015 are set out on pages 4 & 5 of the financial statements.

Review of the business

The company carried out the activities of trading and distribution of industrial machinery, equipment, related spare parts and providing after sales service of these items manufactured by a shareholder company for a commission.

Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

Shareholders and their interests

The shareholders at 31 March 2015 and their interests as at that date in the share capital of the company were as follows:

<i>Names of the shareholders</i>	<i>No. of shares</i>	<i>AED</i>
Elecon Engineering Company Limited	3	300,000
Emtici Engineering Limited	<u>3</u>	<u>300,000</u>
	<u>6</u>	<u>600,000</u>

Auditors

A resolution to re-appoint the auditors and fix their remuneration will be put to the board at the annual general meeting.



Mr. Rajen Kavani
MANAGER

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ELECON MIDDLE EAST FZCO**

Report on the Financial Statements

We have audited the accompanying financial statements of **ELECON MIDDLE EAST FZCO** (the "company"), which comprise the statement of financial position as at 31 March 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable implementing rules and regulation issued by Dubai Airport Free Zone Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgment, including the assessment of the risk 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 the 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 company as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the company has maintained proper books of account. The information contained in the Manager's report relating to the financial statements is in agreement with the books. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the Regulation No.1/98 issued by the Dubai Airport Free Zone Authority pursuant to Law No 2 of 1996 or the Articles of Association of the company which might have materially affected the financial position of the company or its financial performance.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

26 April 2015

Dubai

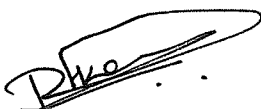


ELECON MIDDLE EAST FZCO

Statement of Financial Position
31 March 2015

	<i>Notes</i>	<i>2015</i> <i>AED</i>	<i>2014</i> <i>AED</i>
ASSETS			
Non current asset			
Property and equipment	4	<u>158,011</u>	<u>159,125</u>
Current assets			
Trade and other receivables	5	3,857,165	2,215,582
Prepayments		76,844	76,989
Bank balances	6	<u>7,099,263</u>	<u>4,285,457</u>
		<u>11,033,272</u>	<u>6,578,028</u>
Total assets		<u>11,191,283</u>	<u>6,737,153</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders' funds			
Share capital	7	600,000	600,000
Retained earnings		<u>7,248,765</u>	<u>5,369,205</u>
Total shareholders' funds		<u>7,848,765</u>	<u>5,969,205</u>
Current liability			
Trade and other payables	8	<u>3,342,518</u>	<u>767,948</u>
Total liabilities		<u>3,342,518</u>	<u>767,948</u>
Total equity and liabilities		<u>11,191,283</u>	<u>6,737,153</u>

The notes on pages 7 to 16 form an integral part of these financial statements.



Mr. Rajen Kavani
MANAGER

ELECON MIDDLE EAST FZCO

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2015

	<i>Notes</i>	<i>2015</i> <i>AED</i>	<i>2014</i> <i>AED</i>
Revenue			
Sales		9,683,915	5,761,607
Commission income	9	388,439	714,778
Service income	10	1,580,597	-
Interest income		4,200	12,881
Profit on sale of property and equipment (net)		3,310	-
Total revenue		<u>11,660,461</u>	<u>6,489,266</u>
Expenditure			
Cost of sales		(7,223,742)	(3,444,612)
Managerial remuneration & expenses		(248,400)	(230,590)
Staff salaries and benefits		(321,412)	(721,426)
Rent		(146,284)	(138,002)
Other administrative and selling expenses		(1,783,650)	(1,657,278)
Depreciation		(48,379)	(39,196)
Finance costs		(9,034)	(11,253)
Total expenditure		<u>(9,780,901)</u>	<u>(6,242,357)</u>
Net profit for the year		1,879,560	246,909
Other comprehensive income / (loss)		-	-
Total comprehensive income for the year		<u>1,879,560</u>	<u>246,909</u>

The notes on pages 7 to 16 form an integral part of these financial statements.

ELECON MIDDLE EAST FZCO

Statement of Changes in Equity
for the year ended 31 March 2015

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 31 March 2013	600,000	5,152,296	5,752,296
Dividend paid		(30,000)	(30,000)
Net profit for the year	-	<u>246,909</u>	<u>246,909</u>
As at 31 March 2014	600,000	5,369,205	5,969,205
Net profit for the year	-	<u>1,879,560</u>	<u>1,879,560</u>
As at 31 March 2015	<u>600,000</u>	<u>7,248,765</u>	<u>7,848,765</u>

The notes on pages 7 to 16 form an integral part of these financial statements.

ELECON MIDDLE EAST FZCO

Statement of Cash Flows
for the year ended 31 March 2015

	<i>Note</i>	<i>2015</i> <i>AED</i>	<i>2014</i> <i>AED</i>
<u>Cash flows from operating activities</u>			
Net profit for the year		1,879,560	246,909
Adjustment for:			
Depreciation		48,379	39,196
Interest income		(4,200)	(12,881)
Finance costs		9,034	11,253
Profit on sale of property and equipment (net)		(3,310)	-
Managerial remuneration & expenses		248,400	230,590
Operating profit before working capital changes		2,177,863	515,067
(Increase)/decrease trade, other receivables and prepayments		(1,637,238)	(42,754)
Increase/(decrease) trade and other payables		2,574,570	(1,103,112)
Cash generated from/ (used in) operations		3,115,195	(630,799)
Managerial remuneration & expenses paid		(248,400)	(230,590)
Finance costs paid		(9,034)	(11,253)
Net cash from / (used in) operating activities		<u>2,857,761</u>	<u>(872,642)</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property and equipment		(56,955)	(139,677)
Proceeds from sale of property and equipment		13,000	-
Interest received		-	11,040
Net (placement) / withdrawal of margin deposits		(13,500)	10,000
Net (placement) / withdrawal of term deposit		-	1,030,500
Net cash from/ (used in) investing activities		<u>(57,455)</u>	<u>911,863</u>
<u>Cash flows from financing activity</u>			
Dividend paid		-	(30,000)
Net cash from/ (used in) financing activity		<u>-</u>	<u>(30,000)</u>
Net increase/(decrease) in cash and cash equivalents		2,800,306	9,221
Cash and cash equivalents at the beginning of the year		<u>4,268,957</u>	<u>4,259,736</u>
Cash and cash equivalents at the end of the year	11	<u>7,069,263</u>	<u>4,268,957</u>

The notes on pages 7 to 16 form an integral part of these financial statements.

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements for the year ended 31 March 2015

1. Legal status and business activity

ELECON MIDDLE EAST FZCO is a limited liability free zone company incorporated in Dubai Airport Free Zone, Dubai, United Arab Emirates in accordance with the provision of Dubai Airport Free Zone established company regulations and is operating under the trade license number 834 issued by the said authority. The registered and operating address of the company is 5EA, 420, Dubai Airport Free Zone, P. O. Box 54754, Dubai, U.A.E.

The company is engaged in trading and distribution of industrial machineries, equipment, related accessories & spares and providing after sales services for these products manufactured by a shareholder company on commission basis.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The financial statements of the company have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of UAE laws.

The financial statements are presented in U.A.E. Dirhams.

Historical cost is based on the fair value of the consideration given to acquire the asset of cash equivalents expected to be paid to satisfy the liability. 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.

2.2 Adoption of new and revised IFRS

The nature and the effect of changes with respect to adoption of new standards, interpretations and amendments which are effective on 1 January 2014 are disclosed below. These standards, amendments and interpretations are either not effected, not relevant or do not have any significant influence on the entity:

- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*
- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*
- *Recoverable amounts disclosures for non-financial assets (Amendments to IAS 36)*
- *Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)*
- *IFRIC Interpretation 21 Levies*
- *Annual Improvements 2010-2012 Cycle*
- *Annual Improvement 2011-2013 Cycle*

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015

2.3 Significant accounting estimates, judgments and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values.

Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

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 and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 3.

2.4 Summary of significant accounting policies

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

Property and equipment

Property and equipment are stated at cost together with any related expenses of acquisition or construction less accumulated depreciation and impairment if any.

Depreciation is charged using the straight-line method whereby the cost of an asset is depreciated over its estimated useful life as follows:

Furniture fixtures and office equipment	4 years
Vehicles	4 years

Depreciation on additions and disposals during the period is charged on a proportionate basis for the period of use.

Gains and losses on deletion of assets are included in statement of profit or loss and other comprehensive income.

Financial assets and financial liabilities

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

ELECON MIDDLE EAST FZCO**Notes to the Financial Statements**
*for the year ended 31 March 2015***Summary of significant accounting policies (cont'd)**

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, trade and other receivables, held to maturity investments or available for sale financial assets. The company determine the classification of its financial assets at initial recognition. The particular recognition methods adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The company's financial liabilities consist of trade and other payables.

The financial assets include bank balances and trade & other receivables.

Trade and other receivables

Trade and other receivables are stated at invoice price less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

Staff end of service benefits

The company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service. Staff end of service benefits are accounted on cash basis.

Revenue

Revenue is recognized to the extent it is possible that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is reduced for estimated returns, rebates and other similar allowances.

Revenue from sales of goods are recognized when the company has delivered products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured. Commission income is accounted when actually received from the principal for the value of goods supplied to customers. Interest income is accounted on accrual basis.

Revenue from services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ELECON MIDDLE EAST FZCO**Notes to the Financial Statements
for the year ended 31 March 2015****Dividend**

Dividend is paid out of accumulated profits, when declared.

Foreign currency transactions

Transactions in foreign currencies are converted into UAE dirham at the rate of exchange ruling approximate on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into UAE Dirham at the rate of exchange ruling at the date of statement of financial position.

Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

3. Significant accounting judgments employed in applying accounting policies and key sources of estimation uncertainties**3.1 Significant judgments employed**

The significant judgments made in applying accounting policies that have most significant effect on the amounts recognized in the financial statements pertains to impairment. At each reporting date, management conducts an assessment of property and equipment, and all financial assets to determine whether there are any indications that they may be impaired.

In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

In the case of trade and other receivables, if an amount is deemed irrecoverable, it is written off to profit or loss and other comprehensive income or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

3.2 Sources of estimation uncertainty

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

Carrying values of property and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment of other receivables

Management regularly undertakes a review of the amounts of other receivables and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable. Based on the assessment assumptions are made as to the level of provisioning required.

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015**Impairment**

Assessment of net recoverable amount of property and equipment and all financial assets other than loans and receivables, per above, are based on assumptions regarding future cash flows expected to be received from related assets.

Impairment of trade receivable

An estimation of the collectible amount of trade receivables 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 a provision is applied according to the length of past time due, based on anticipated recovery rates.

4. Property and equipment (2015)	<i>Furniture, fixture & office equipment</i> <i>AED</i>	<i>Vehicles</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Cost			
As at 01.04.2014	59,810	270,569	330,379
Additions during the year	5,730	51,225	56,955
Disposal during the year	<u>(10,887)</u>	<u>(36,190)</u>	<u>(47,077)</u>
As at 31.03.2015	<u>54,653</u>	<u>285,604</u>	<u>340,257</u>
Depreciation			
As at 01.04.2014	47,091	124,163	171,254
Charge for the year	4,667	43,712	48,379
Relating to disposal	<u>(8,737)</u>	<u>(28,650)</u>	<u>(37,387)</u>
As at 31.03.2015	<u>43,021</u>	<u>139,225</u>	<u>182,246</u>
Net book value			
As at 31.03.2015	<u>11,632</u>	<u>146,379</u>	<u>158,011</u>
As at 31.03.2014	<u>12,719</u>	<u>146,406</u>	<u>159,125</u>

In the opinion of the management, there was no impairment in the value of property and equipment and hence the carrying value is fairly stated.

Property and equipment (2014)	<i>Furniture, fixture & office equipment</i> <i>AED</i>	<i>Vehicles</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Cost			
As at 01.04.2013	49,512	141,190	190,702
Additions during the year	<u>10,298</u>	<u>129,379</u>	<u>139,677</u>
As at 31.03.2014	<u>59,810</u>	<u>270,569</u>	<u>330,379</u>
Depreciation			
As at 01.04.2013	42,549	89,509	132,058
Charge for the year	<u>4,542</u>	<u>34,654</u>	<u>39,196</u>
As at 31.03.2014	<u>47,091</u>	<u>124,163</u>	<u>171,254</u>
Net book value			
As at 31.03.2014	<u>12,719</u>	<u>146,406</u>	<u>159,125</u>
As at 31.03.2013	<u>6,963</u>	<u>51,681</u>	<u>58,644</u>

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015

	2015 <u>AED</u>	2014 <u>AED</u>
5. Trade and other receivables		
Trade receivables @	2,108,614	1,735,698
Advance to suppliers (refer note 12) #	1,640,510	374,043
Loan to a related party ^ (refer note 12)	76,041	71,841
Deposits	<u>32,000</u>	<u>34,000</u>
	<u>3,857,165</u>	<u>2,215,582</u>

@ Includes AED 880,525 (previous year AED 508,733) due from related parties on trade account.

Includes AED 1,631,372 (previous year AED 374,043) advance given to a related party for supply of merchandise.

^ Represents loan given to a related party which is unsecured and carries interest at 6% per annum.

The company's credit period is between 90 to 180 days after which trade receivables are considered to be past due. From unimpaired/past due receivables of AED 852,509, a sum of AED 711,900/- are since recovered and the balance amount are expected on the basis of past experience, to be fully recoverable.

As at 31 March, the ageing of trade receivables was as follows:

	Total AED	< 30Days AED	31-60 Days AED	61-90 Days AED	91-180 Days AED	> 181 Days AED
2015	2,108,614	1,105,941	41,599	108,565	-	852,509
2014	1,735,698	599,194	40,257	91,750	32,812	971,685

A provision of the uncollectible amount of trade accounts receivable 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 a provision applied according to the length of time past due, based on anticipated recovery rates.

	2015 <u>AED</u>	2014 <u>AED</u>
6. Bank balances #		
Bank balances in:		
Current accounts	7,069,263	4,268,957
Margin deposit	<u>30,000</u>	<u>16,500</u>
	<u>7,099,263</u>	<u>4,285,457</u>

Unconfirmed

7. Share capital		
Authorized, issued and paid up		
6 Shares of AED 100,000 each	<u>600,000</u>	<u>600,000</u>

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015

	2015 <i>AED</i>	2014 <i>AED</i>
8. Trade and other payables		
Trade payables @	863,812	-
Advance from customers	2,470,495	693,596
Accrued expenses	<u>8,211</u>	<u>74,352</u>
	<u>3,342,518</u>	<u>767,948</u>

@ Includes AED 620,648 (Previous year AED Nil) due to a related party on trade account.

The average credit period on purchase of goods is 120 days. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

9. Commission income

This represent commission received on sale of industrial machinery & equipment of AED 388,439 (previous year AED 714,778) mainly for and on behalf of a shareholder company. The commission accrued but not due on sales orders procured of AED Nil (previous year AED 3,979,789) for and on behalf of a shareholder company, amount to AED Nil (previous year AED 397,979).

10. Service income

This represents service income received from a related party on procurement of sales orders. (Refer note 12).

11. Cash and cash equivalents

This represents balances with banks in current accounts.

12. Related party transactions and balances

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard - 24.

Related parties are the entities under common ownership and/or common management control and associates as under:

Shareholders:

Elecon Engineering Company Limited, India
Emtici Engineering Limited, India

Entities under common control:

Power Build limited, India
Elecon EPC Project Limited, India
Radicon Transmission FZE, UAE

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015**Related party transactions and balances (contd.)**

The nature of significant related party transactions and the amounts involved are as under:

	<i>2015</i>	<i>2014</i>
	<i>AED</i>	<i>AED</i>
Purchases	6,882,954	3,444,612
Commission income	388,439	714,778
Service fee income	1,580,597	-
Service fee paid	-	98,563
Interest income	4,200	1,841

The company also receives and provides funds to related parties as and when required to meet with the working capital requirements bearing interest of 6 % per annum.

The year-end related party balances, as under, are disclosed in notes 5 and 8.

	<i>2015</i>	<i>2014</i>
	<i>AED</i>	<i>AED</i>
Trade receivables:		
Elecon Engineering Company Limited, India	536,712	220,883
Power Build Limited, India	-	16,647
Elecon EPC Project Limited, India	<u>343,813</u>	<u>271,203</u>
	<u>880,525</u>	<u>508,733</u>
Advance to a supplier:		
Elecon EPC Project Limited, India	<u>1,631,372</u>	<u>374,043</u>
Loan to a related party:		
Radicon Transmission FZE, UAE	<u>76,041</u>	<u>71,841</u>
Trade payables:		
Elecon Engineering Company Limited, India	<u>620,648</u>	<u>-</u>

13. Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximizing the return to the shareholders. The company's capital structure consists of bank balances and cash and equity, comprising share capital and retained earnings.

14. Financial instruments: Credit, liquidity and market risk exposures**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015**Financial instruments (continued)**

Financial assets, which potentially expose the company to concentration of credit risk, comprise principally of trade and other receivables and bank balances. The company's bank balances in current and margin deposit accounts are placed with high credit quality financial institutions. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. As at 31 March 2015, the company's significant exposure to credit risk from trade receivables amounted to AED 1,218,949 due from three customers. There are no significant concentrations of credit risk from receivables outside the industry in which company operates.

Liquidity risk

The company limits its liquidity risk by ensuring adequate reserves, sufficient cash and cash equivalents to ensure funds are available to meet its commitments for liabilities as they fall due. The company's terms of sales require amounts to be paid within 90 to 180 days of the date of sale. Trade payables are normally settled within 120 days of date of purchase.

Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and exchange rate risk, will affect the entity's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan to a related party is at a fixed rate of 6% per annum.

Exchange rate risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for the following, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the UAE Dirham rate is fixed:

Market risk (Cont'd)

	<i>2015 Equivalent AED</i>	<i>2014 Equivalent AED</i>
Foreign currency financial assets:		
<i>Trade receivables</i>		
Euro	175,369	644,852
<i>Advance from customers</i>		
Euro	2,435,367	458,510
<i>Bank balance</i>		
Euro	2,075,550	666,421
<i>Trade payables</i>		
GBP	241,295	-
<i>Advance to a supplier</i>		
Euro	1,631,372	-

ELECON MIDDLE EAST FZCO

Notes to the Financial Statements
for the year ended 31 March 2015

15. Financial instruments: Fair value

The fair values of the company's financial assets, comprising of trade and other receivables, bank balances and financial liabilities, comprising of trade and other payables approximate to their carrying values.

16. Contingent liabilities and capital commitments

There were no liabilities contingent in nature and capital commitments of significant amount outstanding as at the date of statement of financial position.

17. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the presentation adopted in the current year.

15. Approval of the financial statements

The financial statements were approved by the manager and authorized for issue on 26 April 2015.

(تجديد - Renewal)

رخصة تجارية

Trade License

No.: 834

Licensee:

Elecon Middle East FZCO

حِب الرخصة: ايلكون ميديل ايست ش م ح

Trade Name:

Elecon Middle East FZCO

سَم التجارى: ايلكون ميديل ايست ش م ح

Type Of Activity:

Trading in Industrial Machinery &
Equipment, Related Accessories and
Spares and Providing Related after Sales
Services

النشاط: التجارة في المكين والمعدات واكسسواراتها وتقديم
الخدمات المتعلقة بها

Authorized Manager:

RAJENKUMAR FULABHAI KAVANI

بِر المسؤولى: راجين كومار فولابهاي كفاني

Address:

Dubai, UAE
Dubai Airport Free Zone

اِن: دبي
الامارات العربية المتحدة
سلطة المنطقة الحرة بمطار دبي

Location:

5EA 420

5EA 420

Issue Date:

08-10-2005

08-10-2005 تاريخ الاصدار:

Valid Till:

07-10-2015

07-10-2015 تاريخ لىغاية:

Executive Director Finance, Leasing, and Customer Operations.

تنفيذى الادارة المالية، العقود، وعمليات العملاء

Dubai Airport Free Zone Authority

المنطقة الحرة بمطار دبي

DUBAI
RPC
Dubai
المنطقة الحرة بمطار دبي

Handwritten signature and stamp area.