

# **Emmsons Grains Limited**

## **Report and financial statements 31 March 2015**

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# **Emmsons Grains Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Jonathan Edward Charles Grange  
Evi Papageorgiou  
Georgia Kafkalia

### **Company Secretary**

**Cypcosecretarial Limited**  
Demitas Tower, 3rd Floor, Office 302  
14 Michalakopoulou Street  
CY-1641 Nicosia  
Cyprus

### **Registered office**

City House  
6 Karaiskakis Street  
CY-3032 Limassol  
Cyprus

# **Emmsons Grains Limited**

## **Report of the Board of Directors**

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 March 2015.

### **Principal activities**

2 The principal activities of the Company, which are unchanged from last year, are the holding of investments and all interest-earning activities.

### **Review of developments, position and performance of the Company's business**

3 The loss of the Company for the year ended 31 March 2015 was US\$706.418 (2014: loss of US\$774.708). On 31 March 2015 the total assets of the Company were US\$9.192.136 (2014: US\$9.380.537) and the net liabilities were US\$4.751.340 (2014: net liabilities US\$4.044.922). The financial position, development and performance of the Company as presented in these financial statements are as expected.

### **Principal risks and uncertainties**

4 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 3 and 4 of the financial statements.

### **Future developments of the Company**

5 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

### **Results**

6 The Company's results for the year are set out on page 6. The loss for the year is carried forward.

### **Share capital**

7 There were no changes in the share capital of the Company.

### **Board of Directors**

8 The members of the Board of Directors at 31 March 2015 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2015.

9 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

# Emmons Grains Limited

## Report of the Board of Directors (continued)

### Board of Directors (continued)

10 There being no requirement in the Company's Articles of Association for retirement of Directors by rotation, all the Directors remain in office.

### Events after the balance sheet date

11 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

### Branches

12 The Company did not operate through any branches during the year.

### Independent Auditors

13 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### By Order of the Board



**Evi Papageorgiou**  
Director

Limassol,  
20 August 2015



## **Independent auditor's report**

### **To the Members of Emmsons Grains Limited**

#### **Report on the financial statements**

We have audited the accompanying financial statements of the parent company Emmsons Grains Limited (the "Company"), which comprise the balance sheet as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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 of financial statements that give a true and fair view 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 Board of Directors, 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 qualified audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Emmsons Grains Limited as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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*Emphasis of matter*

We draw attention to Note 2 to the financial statements which indicates that the Company incurred a net loss amounting to US\$706.418 during the year ended 31 March 2015 and, as at that date, its current liabilities exceeded its total assets by US\$4.751.340. Our opinion is not qualified in respect of this matter.

**Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap.113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

**Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in black ink, appearing to read 'G. Skapoullaros', written over a horizontal line.

George Skapoullaros  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 20 August 2015

# Emmsons Grains Limited

## Statement of comprehensive income for the year ended 31 March 2015

	Note	2015 US\$	2014 US\$
Operating expenses	6	(76.756)	(248.738)
Other income	5	-	75.000
Net foreign exchange transaction gains		<u>(29.662)</u>	<u>2.962</u>
<b>Operating loss</b>		<b>(106.418)</b>	<b>(170.776)</b>
Finance costs	7	<u>(600.000)</u>	<u>(600.473)</u>
<b>Loss before income tax</b>		<b>(706.418)</b>	<b>(771.249)</b>
Income tax expense	8	<u>-</u>	<u>(3.459)</u>
<b>Loss and total comprehensive loss for the year</b>		<b><u>(706.418)</u></b>	<b><u>(774.708)</u></b>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Emmsons Grains Limited

## Balance sheet at 31 March 2015

	Note	2015 US\$	2014 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	11	40.000	50.000
Investment in subsidiaries	12	<u>498.804</u>	<u>498.804</u>
		<u>538.804</u>	<u>548.804</u>
<b>Current assets</b>			
Receivables	13	8.650.993	8.828.593
Cash in hand and at bank	14	<u>2.339</u>	<u>3.140</u>
		<u>8.653.332</u>	<u>8.831.733</u>
<b>Total assets</b>		<u><b>9.192.136</b></u>	<u><b>9.380.537</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	15	300.000	300.000
Accumulated losses		<u>(5.051.340)</u>	<u>(4.344.922)</u>
<b>Total equity</b>		<u><b>(4.751.340)</b></u>	<u><b>(4.044.922)</b></u>
<b>Current liabilities</b>			
Payables and accruals	17	825.837	759.820
Borrowings	16	<u>13.117.639</u>	<u>12.665.639</u>
		<u>13.943.476</u>	<u>13.425.459</u>
<b>Total equity and liabilities</b>		<u><b>9.192.136</b></u>	<u><b>9.380.537</b></u>

On 20 August 2015 the Board of Directors of Emmsons Grains Limited authorised these financial statements for issue.



Evi Papagorgiou, Director



Georgia Karkalia, Director

The notes on pages 10 to 25 are an integral part of these financial statements.



# Emmsons Grains Limited

## Statement of changes in equity for the year ended 31 March 2015

	Share capital US\$	Accumulated losses <sup>(1)</sup> US\$	Total US\$
<b>Balance at 1 April 2013</b>	<u>300.000</u>	<u>(3.570.214)</u>	<u>(3.270.214)</u>
<b>Comprehensive loss</b>			
Loss for the year	<u>-</u>	<u>(774.708)</u>	<u>(774.708)</u>
<b>Balance at 31 March 2014/1 April 2014</b>	<u>300.000</u>	<u>(4.344.922)</u>	<u>(4.044.922)</u>
<b>Comprehensive loss</b>			
Loss for the year	<u>-</u>	<u>(706.418)</u>	<u>(706.418)</u>
<b>Balance at 31 March 2015</b>	<u>300.000</u>	<u>(5.051.340)</u>	<u>(4.751.340)</u>

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009, and to 20% in respect of profits of years of assessment 2010 and 2011, and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 25 are an integral part of these financial statements.

# Emmons Grains Limited

## Statement of cash flows for the year ended 31 March 2015

	Note	2015 US\$	2014 US\$
<b>Cash flows from operating activities</b>			
Loss before income tax		(706.418)	(771.249)
Adjustments for:			
Depreciation of plant and equipment	11	10.000	10.000
Interest income	5	-	(75.000)
Interest expense	7	600.000	600.000
Foreign exchange losses on financing activities	7	-	15.000
		<u>(96.418)</u>	<u>(221.249)</u>
Changes in working capital:			
Payables and accruals		<u>66.017</u>	<u>238.933</u>
<b>Cash (used in)/generated from operations</b>		<u>(30.401)</u>	<u>17.684</u>
Income tax paid		<u>-</u>	<u>(3.459)</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>(30.401)</u>	<u>14.225</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of subsidiaries		-	269.402
Loans (granted to) / repaid by related parties		<u>177.600</u>	<u>(18.000)</u>
<b>Net cash from Investing activities</b>		<u>177.600</u>	<u>251.402</u>
<b>Cash flows from financing activities</b>			
Loans from related parties		600.000	(269.402)
Repayments of loans from related parties	18(iii)	(148.000)	-
Interest paid		<u>(600.000)</u>	<u>-</u>
<b>Net cash used in financing activities</b>		<u>(148.000)</u>	<u>(269.402)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(801)</u>	<u>(3.775)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>3.140</u>	<u>6.915</u>
<b>Cash and cash equivalents at end of year</b>	14	<u>2.339</u>	<u>3.140</u>

The notes on pages 10 to 25 are an integral part of these financial statements.

# Emmsons Grains Limited

## Notes to the financial statements

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and all interest-earning activities.

#### Operating environment of Cyprus

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

# Emmsons Grains Limited

## 2 Summary of significant accounting policies (continued)

### Basis of preparation (continued)

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company Emmsons International Limited publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2015. A copy of the consolidated financial statements is available to the members, at 2637 First floor, Naya Bazar, Delhi-110006, India

Since the EU 7th Directive permits the preparation of such consolidated financial statements in accordance with the Directive or in a manner equivalent to that Directive and since the Companies Law, Cap.113, provides for the aforementioned exemption, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of such consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. Although the Company had net liabilities of US\$4.751.340 and net current liabilities of US\$5.290.144 at 31 March 2015 and a net loss for the year of US\$706.418 then ended, which indicate that there is significant material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, the Directors have considered a letter of support obtained from Emmsons International Limited, the Company's parent company.

The parent company has undertaken to provide the Company, if necessary, with financial and other support so as to enable the Company to conduct its operations and meet its obligations as they become due for at least twelve months from the date of issue of these financial statements. The Directors therefore consider that the Company will continue as a going concern and that the financial statements are appropriately prepared on a going concern basis.

# Emmsons Grains Limited

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2013. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

### Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US dollars (US\$), which is the Company's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

# Emmsons Grains Limited

## 2 Summary of significant accounting policies (continued)

### Current and deferred income tax (continued)

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

### Plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of plant and equipment.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Plant and equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

# Emmsons Grains Limited

## 2 Summary of significant accounting policies (continued)

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise "receivables from third parties", "receivable from related parties", "loans advanced to related parties" and "cash and cash equivalents".

### Investments in subsidiaries

Subsidiaries are those companies and other entities (including special purpose entities) in which the Company directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### Share capital

Ordinary shares are classified as equity.

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

# Emmons Grains Limited

## 2 Summary of significant accounting policies (continued)

### Borrowings (continued)

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Cash and cash equivalents

In the statement of cash flows and in the balance sheet, cash and cash equivalents include cash at bank.

### Comparatives

Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

## 3 Financial risk management

### (i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as foreign exchange risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Market risk**

#### Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currencies, primarily with respect to the Euro. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.



# Emmsons Grains Limited

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Market risk (continued)**

- **Foreign exchange risk (continued)**

- At 31 March 2015, if the US dollars had weakened / strengthened by 10% (2014: 10%) against the Euro with all other variables held constant, the effect on the results of the year would not be significant.

- Management does not have any formal policies for managing foreign exchange risk.

- **Fair value interest rate risk**

- As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

- The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

- At 31 March 2015, if interest rates on US dollar-denominated borrowings at that date had been 0,5% (2014: 0,5%) higher/lower with all other variables held constant, other components of equity would have been US\$30.000 (2014: US\$49.197) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate borrowings.

- The Company's management does not have a formal policy for managing interest rate.

- **Credit risk**

- Credit risk arises from cash and cash equivalents and outstanding loans and receivables from related parties and other parties. Management believes that no loss will be suffered by the Company from these receivables since they relate to group companies.

- The Company does not have formal policies and procedures for managing and monitoring credit risk.

- **Liquidity risk**

- The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

# Emmsons Grains Limited

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

	Within 1 year US\$
At 31 March 2014 Payables and accruals	<u>759.820</u>
At 31 March 2015 Payables and accruals	<u>822.394</u>

### (ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 March 2015 and 2014 were as follows:

	2015 US\$	2014 US\$
Total borrowings (Note 16)	13.117.639	12.665.639
Less: cash and cash equivalents (Note 14)	<u>(2.339)</u>	<u>(3.140)</u>
Net debt	13.115.300	12.662.499
Total equity	<u>(4.751.340)</u>	<u>(4.044.922)</u>
Total capital as defined by management	<u>8.363.960</u>	<u>8.617.577</u>
Gearing ratio	157%	147%

The increase in the gearing ratio during 2015 resulted primarily from the loss reported for the current year.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Emmsons Grains Limited

## 4 Critical accounting estimates and judgements (continued)

### (i) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

### (ii) Critical judgements in applying the Company's accounting policies

- **Impairment of investments**

The Company follows the guidance of IAS36 for investments in subsidiaries in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment, especially for unquoted investments. In making this judgment the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, based primarily on the current financial statements of the companies concerned and their asset position at the year end. At the balance sheet date the Company's management had concluded that no impairment should be made for its subsidiaries.

## 5 Other income

	2015 US\$	2014 US\$
Interest income:		
Loan from related party	<u>-</u>	<u>75,000</u>

# Emmons Grains Limited

## 6 Expenses by nature

	2015 US\$	2014 US\$
Annual levy	-	461
Auditors' remuneration	2.962	4.565
Auditors' remuneration - prior years	-	(992)
Professional fees	22.882	19.525
Directors' fees	1.086	1.344
Telephones and facsimiles	448	214
Other expenses	1.247	1.262
Consultancy fees	37.893	211.983
Bank charges	238	376
Depreciation of plant and equipment	10.000	10.000
<b>Total operating expenses</b>	<b><u>76.756</u></b>	<b><u>248.738</u></b>

The professional fees stated above relate to other non-assurance services charged by the Company's statutory audit firm.

## 7 Finance costs

	2015 US\$	2014 US\$
Interest expense:		
Overdue taxation	-	473
Loans from related parties (Note 18 (iii))	600.000	600.000
<b>Total interest expense</b>	<b><u>600.000</u></b>	<b><u>600.473</u></b>

## 8 Income tax expense

	2015 US\$	2014 US\$
<b>Current tax:</b>		
Under provision of prior years' taxes:		
Defence contribution	-	3.459
<b>Income tax expense</b>	<b><u>-</u></b>	<b><u>3.459</u></b>

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2015 US\$	2014 US\$
Loss before tax	<u>(706.418)</u>	<u>(771.249)</u>
Tax calculated at the applicable corporation tax rate of 12,5% (2013: 10%)	(88.302)	(96.406)
Tax effect of expenses not deductible for tax purposes and allowances and income not subject to tax	-	1.309
Tax effect of tax losses for which no deferred tax asset was recognised	<u>88.302</u>	<u>98.556</u>
<b>Income tax charge</b>	<b><u>-</u></b>	<b><u>3.459</u></b>

The Company is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

# Emmsons Grains Limited

## 8 Income tax expense (continued)

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

## 9 Financial instruments by category

	Loans and receivables US\$
<b>31 March 2014</b>	
<b>Assets as per balance sheet</b>	
Receivables	8.828.593
Cash and cash equivalents	<u>3.140</u>
<b>Total</b>	<u><b>8.831.733</b></u>
	Other financial liabilities US\$
<b>Liabilities as per balance sheet</b>	
Borrowings	12.665.639
Payables and accruals	<u>759.820</u>
<b>Total</b>	<u><b>13.425.459</b></u>
	Loans and receivables US\$
<b>31 March 2015</b>	
<b>Assets as per balance sheet</b>	
Receivables	8.650.993
Cash and cash equivalents	<u>2.339</u>
<b>Total</b>	<u><b>8.653.332</b></u>
	Other financial liabilities US\$
<b>Liabilities as per balance sheet</b>	
Borrowings	13.117.639
Payables and accruals	<u>825.837</u>
<b>Total</b>	<u><b>13.943.476</b></u>

## 10 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

# Emmsons Grains Limited

## 10 Credit quality of financial assets (continued)

	2015 US\$	2014 US\$
<b>Fully performing receivables</b>		
Loans advanced to related parties with no repayment defaults in the past	8.029.400	8.207.000
Receivable from shareholder and related parties with no repayment defaults in the past	234.021	234.021
Receivable from third party with no repayment defaults in the past	<u>387.572</u>	<u>387.572</u>
	<u><b>8.650.993</b></u>	<u><b>8.828.593</b></u>
<b>Cash at bank</b>		
Caa1 / Caa2	<u>2.339</u>	<u>3.140</u>

## 11 Plant and equipment

	Plant and equipment US\$
<b>At 1 April 2013</b>	
Cost	100.000
Accumulated depreciation	<u>(40.000)</u>
Net book amount	<u>60.000</u>
<b>Year ended 31 March 2014</b>	
Opening net book amount	60.000
Depreciation charge (Note 6)	<u>(10.000)</u>
Closing net book amount	<u>50.000</u>
<b>At 31 March 2014</b>	
Cost	100.000
Accumulated depreciation	<u>(50.000)</u>
Net book amount	<u>50.000</u>
<b>Year ended 31 March 2015</b>	
Opening net book amount	50.000
Depreciation charge (Note 6)	<u>(10.000)</u>
Closing net book amount	<u>40.000</u>
<b>At 31 March 2015</b>	
Cost	100.000
Accumulated depreciation	<u>(60.000)</u>
Net book amount	<u>40.000</u>

## 12 Investments in subsidiaries

	2015 US\$	2014 US\$
At beginning of year	498.804	768.206
Disposals	<u>-</u>	<u>(269.402)</u>
At end of year	<u><b>498.804</b></u>	<u><b>498.804</b></u>

# Emmsons Grains Limited

## 12 Investments in subsidiaries (continued)

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2015 % holding	2014 % holding
Terra Firma LLC	Holding of investments	Ukraine	66,67	66,67
Amber Agro LLC	Trading in grains	Ukraine	66,67	66,67

## 13 Receivables

	2015 US\$	2014 US\$
Receivable from related parties (Note 18(ii))	234.021	234.021
Loans advanced to related parties (Note 18 (iv))	8.029.400	8.207.000
Receivable from third party	<u>387.572</u>	<u>387.572</u>
	<u>8.650.993</u>	<u>8.828.593</u>

The fair values of receivables approximate their carrying amounts.

The loans advanced to the related parties are unsecured, interest free and repayable on demand.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The above receivables are neither past due nor impaired.

The carrying amounts of the Company's receivables are denominated in the following currencies:

	2015 US\$	2014 US\$
US Dollar - functional and presentation currency	8.006.593	8.006.593
Euro	<u>644.400</u>	<u>822.000</u>
	<u>8.650.993</u>	<u>8.828.593</u>

## 14 Cash in hand and at bank

Cash and cash equivalents include the following for the purposes of the statement of cash flows and the balance sheet:

	2015 US\$	2014 US\$
Cash at bank	<u>2.339</u>	<u>3.140</u>

Cash and cash equivalents are denominated in the following currencies:

	2015 US\$	2014 US\$
US Dollar - functional and presentation currency	<u>2.339</u>	<u>3.140</u>

# Emmsons Grains Limited

## 15 Share capital

	2015		2014	
	Number of shares	US\$	Number of shares	US\$
<b>Authorised</b>				
Shares of US\$1 each	<u>300 000</u>	<u>300.000</u>	<u>300 000</u>	<u>300.000</u>
<b>Issued and fully paid</b>				
Shares of US\$1 each	<u>300 000</u>	<u>300.000</u>	<u>300 000</u>	<u>300.000</u>

## 16 Borrowings

	2015 US\$	2014 US\$
<b>Current</b>		
Loans from related parties (Note 18(iii))	9.090.699	8.638.699
Loan from third party	<u>4.026.940</u>	<u>4.026.940</u>
	<u>13.117.639</u>	<u>12.665.639</u>

Loans from related parties amounting to US\$8.553.699 (2014: US\$7.953.699) bear interest at the rate of 10% per annum calculated on the principal amount, are unsecured and are repayable on demand. The remaining loans from related parties and third parties are unsecured, interest free and are repayable on demand.

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2015 US\$	2014 US\$
US Dollar - functional and presentation currency	12.580.639	11.980.639
Euro	<u>537.000</u>	<u>685.000</u>
	<u>13.117.639</u>	<u>12.665.639</u>

## 17 Payables and accruals

	2015 US\$	2014 US\$
Payable to related parties (Note 18(ii))	737.780	672.517
Other payables	79.580	82.738
Accrued expenses	<u>8.477</u>	<u>4.565</u>
	<u>825.837</u>	<u>759.820</u>

The fair value of payables and accruals which are due within one year approximates their carrying amount at the balance sheet date.

## 18 Related party transactions

The Company is controlled by Emmsons International Limited, a public company, incorporated in India and listed on the Bombay Stock Exchange, which owns 100% of the Company's share capital.



# Emmsons Grains Limited

## 18 Related party transactions (continued)

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship attention is paid to the substance of the relationship, not merely the legal form.

The following transactions were carried out with related parties:

### (i) Directors' fees

	2015 US\$	2014 US\$
Fees for the year	<u>1.086</u>	<u>1.344</u>

### (ii) Year-end balances with related parties

	2015 US\$	2014 US\$
Receivables from related parties (Note 13):		
Emmsons S.A. (group company)	24.800	24.800
Amber Agro LLC (subsidiary)	<u>209.221</u>	<u>209.221</u>
	<u>234.021</u>	<u>234.021</u>
Payables to related parties (Note 17):		
Emmsons Gulf DMCC (group company)	730.292	665.030
Jonathan Grange (director)	<u>7.488</u>	<u>7.488</u>
	<u>737.780</u>	<u>672.518</u>

The above balances are unsecured, interest free and are receivable/repayable on demand.

### (iii) Loans from related parties

	2015 US\$	2014 US\$
Loans from related parties:		
Emmsons S.A. (group company)	537.000	685.000
Emmsons International Limited (shareholder)	<u>8.553.699</u>	<u>7.953.699</u>
Total (Note 16)	<u>17.729.398</u>	<u>8.638.699</u>

During the year interest totalling US\$600.000 (2014: US\$600.000) was payable on loan received from the related party Emmsons International Limited (Note 6).

### (iv) Loans advanced to related parties

	2015 US\$	2014 US\$
Loans advanced to:		
Amber Agro LLC (subsidiary)	1.069.400	1.247.000
Krynychanske LLC (group company) (Note 5)	4.001.126	4.001.126
Yuzhny (group company)	2.958.874	2.958.874
Total (Note 13)	<u>8.029.400</u>	<u>8.207.000</u>

# **Emmsons Grains Limited**

## **18 Related party transactions (continued)**

### **(iv) Loans advanced to related parties (continued)**

The above loans are unsecured, interest free and repayable on demand. No impairment provision was required in 2015 and 2014 for the loans made to subsidiaries.

## **19 Events after the balance sheet date**

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 5.

# Emmsons Grains Limited

## Additional information to the statement of comprehensive income

### Analysis of expenses for the year ended 31 March 2015

	2015 US\$	2014 US\$
<b>Operating expenses</b>		
Depreciation of plant and equipment	10,000	10,000
Conference expenses	448	-
Auditors' remuneration	2,962	4,565
Auditors' remuneration - prior years	-	(992)
Consultancy fees	37,893	211,983
Professional fees	22,882	19,525
Directors' fees	1,086	1,344
Secretarial fees	435	538
Bank signatory fees	217	269
Registered office fees	595	455
Annual levy	-	461
Telephone and facsimiles	-	214
Bank charges	238	376
	<u>76,756</u>	<u>248,738</u>