Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

Auditors' Report & Financial Statements
For the Year Ended June 30, 2013

Private & Confidential

Fedders Lloyd Trading FZE
Ras Al Khaimah - United Arab Emirates

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Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

General Information

Principal Office Address	:	FEDDERS LLOYD TRADING FZE P.O.Box: 10559 Ras Al Khaimah - United Arab Emirates T: +91-11-40627200 F: +91-11-41609909	
The Directors	:	Name	Nationality
		Mr. Brij Raj Punj	Indian
		Mr. Mukat Behari Sharma	Indian
The Auditors	:	Horwath Mak P.O. Box. 16086 Ras Al Khaimah, United Arab Emirates	
The Main Bankers	:	HSBC	

Ref: (JE/2260/August, 2013)

Independent Auditors' Report

To,

The Shareholder,
Fedders Lloyd Trading FZE,
P.O.Box: 10559
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates.

Report on the Financial Statements

We have audited the accompanying financial statements of Fedders Lloyd Trading FZE, RAK Free Trade Zone, Ras Al Khaimah - United Arab Emirates ("Entity") which comprise the statement of financial position as at June 30, 2013 and the statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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 (IFRS). The management is also responsible for such internal controls as it determines 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, 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified opinion

Trade receivables are subject to independent confirmation and subsequent realisation. The Entity has incurred a net loss of AED 13,217 during the year and an accumulated loss of AED 1,602,245 as at June 30, 2013. The management has decided to continue operations despite the continuing losses. The necessary purchases and shipping documents have not been verified.

Qualified opinion

In our opinion, except for the effects of matters described in basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fedders Lloyd Trading FZE as of June 30, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the commercial regulation of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 of H.H.Sheikh Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras al Khaimah.

Emphasis of matter

The capital adequacy as required by the laws of RAK Free Zone have not been maintained during the current year; however, the management has undertaken that the same shall be maintained by the introduction of further capital subsequently.

Report on other legal and regulatory requirements

Subject to the above, as required by the implementing regulations of RAK Free Trade Zone pursuant to the Emiri decree dated 1/5/2000 of H.H.Sheikh Saqr Bin Mohammed Bin Salem Al Qassimi, the ruler of Ras al Khaimah; concerning the entities in RAK Free Zone, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit,

2. Proper books of accounts have been maintained by the Entity,

3. We are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.

Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

Statement of Financial Position as of June 30, 2013
(In Arab Emirates Dirham)

	Notes	2013	2012
Assets			
Current assets			
Inventories	5	-	94,973
Trade receivables	6	1,036,177	316,460
Advances, deposits and other receivables	7	3,417	45,650
Cash and bank balances	8	188,888	78,691
Total current assets		1,228,482	535,774
Total assets		1,228,482	535,774
Equity and liabilities			
Shareholders' equity			
Share capital	9	500,000	500,000
Accumulated losses	10	(1,602,246)	(1,589,028)
Shareholders' current account	11	1,301,003	1,614,824
Total shareholders' equity		198,757	525,796
Current liabilities			
Trade and other payable	12	14,287	9,978
Due to related parties	4	1,015,438	-
Total current liabilities		1,029,725	9,978
Total liabilities		1,029,725	9,978
Total shareholders' equity and liabilities		1,228,482	535,774

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 2 & 3.

The financial statements on pages 4 to 19 were approved by the Director of Fedders Lloyd Trading FZE on August 25, 2013 and signed on its behalf by:

Mr. Brij Raj Punj
Director

Mr. Mukat Behari Sharma
Director

Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

Statement of Comprehensive Income for the Year Ended June 30, 2013
(In Arab Emirates Dirham)

	Notes	2013	2012
Revenue	13	**1,279,609**	568,499
Direct cost	14	**(1,118,198)**	(620,501)
Gross profit/loss		**161,411**	(52,002)
Other income/ (loss)	15	**3,477**	(2,956)
Selling and distribution expenses	16	**(94,731)**	(24,434)
Administrative expenses	17	**(83,375)**	(105,479)
Total comprehensive loss for the year		**(13,218)**	(184,871)

The accompanying notes form an integral part of these financial statements.
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Mr. Brij Raj Punj
Director

Mr. Mukat Behari Sharma
Director

Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

Statement of Changes in Shareholders' Equity for the Year Ended June 30, 2013
(In Arab Emirates Dirham)

	Share capital	Retained earnings	Shareholders' current account	Total shareholders' equity
Balance at January 1, 2011	500,000	(1,404,157)	1,301,003	396,846
Comprehensive income for the year	-	(184,871)	-	(184,871)
Net movements		-	313,821	313,821
Balance as at December 31, 2011	500,000	(1,589,028)	1,614,824	525,796
Comprehensive income for the year	-	(13,218)	-	(13,218)
Net movements	-	-	(313,821)	(313,821)
Balance as at December 31, 2012	**500,000**	**(1,602,246)**	**1,301,003**	**198,757**

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 2 & 3.

Fedders Lloyd Trading FZE
RAK Free Trade Zone
Ras Al Khaimah - United Arab Emirates

Statement of Cash Flows for the Year Ended June 30, 2013
(In Arab Emirates Dirham)

	2013	2012
Cash flows from operating activities		
Net profit for the year	(13,218)	(184,871)
Adjustments for:		
Allowance for slow moving inventories	-	94,973
	(13,218)	(89,898)
(Increase) / decrease in current assets		
Inventories	94,973	7,324
Trade receivables	(719,717)	(316,460)
Advances, deposits and other receivables	42,233	
Increase / (decrease) in current liabilities		
Trade and other payable	4,309	(72,450)
Cash generated from operations	424,018	(471,484)
Net cash from / (used in) operating activities	424,018	(471,484)
Cash flows from financing activities		
Shareholders' current account	(313,821)	313,821
Net cash from / (used in) financing activities	(313,821)	313,821
Net (decrease) / increase in cash and cash equivalents	110,197	(157,663)
Cash and cash equivalents, beginning of the year	78,691	236,354
Cash and cash equivalents, end of the year	188,888	78,691
Represented by:		
Cash at banks	188,888	78,691
	188,888	78,691

The accompanying notes form an integral part of these financial statements.
The report of the auditors is set out on page 2 & 3.

1 Legal status and business activities

1.1 Fedders Lloyd Trading FZE, RAK Free Trade Zone, Ras Al Khaimah – United Arab Emirates ("the Establishment") was incorporated on February 11, 2008 as a Free Zone Establishment and operates under a trade license issued by the RAK Free Trade Zone, Ras Al Khaimah, United Arab Emirates.

1.2 The principal activities of the Entity are unchanged since the previous year and consist of trading in computer software, data processing requisites and equipment requisites.

1.3 The registered office of the Entity is located in Ras Al Khaimah Free Trade Zone, P.O. Box 10559, Ras Al Khaimah, United Arab Emirates.

1.4 The management and control are vested with Board of Directors.

1.5 These financial statements incorporate the operating results of General Trading license No.7000188.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirements
Amendment to IFRS 1 'First time adoption',on hyperinflation and fixed dates "	The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
Amendment to IFRS 7 'Financial instruments: Disclosures', on transfer of financial assets	These amendments are the part of IASBs comprehensive review of, off-balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.
Amendment to IAS 12 'Income taxes', on deferred tax	Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Entity has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
Amendments to IFRS 7 *Financial Instruments: Disclosures* includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.	1 January 2013
Amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards:* , addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.	1 January 2013
Amendments to IAS 1 *Presentation of Financial Statements:* for other comprehensive income 'OCI' whether they are reclassifiable to profit or loss subsequently as reclassification adjustments.	1 July 2012
Amendments to IAS 19 *Employee Benefits:* which eliminates the corridor approach and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.	1 January 2013
IAS 27 *Separate Financial Statements* (revised in 2011)	1 January 2013
IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)	1 January 2013
IAS 32 *Financial Instruments: Presentation* (as amended in 2011)	1 January 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IFRS 9 *Financial Instruments*	1 January 2015
IFRS 10 *Consolidated Financial Statements*	1 January 2013
IFRS 11 *Joint arrangements*	1 January 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 *Fair value measurement*	1 January 2013
Annual *Improvements to IFRSs* issued in 2009-2011 reporting cycle. It includes changes to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	1 January 2013

Management anticipates that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the applicable requirements of the UAE laws. These financial statements are presented in AED (AED).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

The principal accounting policies applied in these financial statements are set out below.

3.3 Foreign currency

In preparing the financial statements of Entity, transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3 Significant accounting policies (continued)

3.4 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.6 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through income statement ' (FVTIS), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through income statement

Financial assets at fair value through income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Regular purchases and sales of financial assets are recognised on the trade-date -- the date on which the Entity commits to purchase or sell the asset. Transaction costs directly attributable to the acquisition are recognised immediately in income statement.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through income statement' category are presented in the income statement.

Dividend income from financial assets at fair value through income statement is recognised in the income statement when the Entity's right to receive payments is established.

3 Significant accounting policies (continued)

3.6 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Impairment of financial assets

Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default the probability that they will enter bankruptcy or other financial reorganisation, 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.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.7 Financial liabilities

Financial liabilities and equity instruments issued by the Entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability (and an equity instrument).

An equity instrument is any contract that evidences a residual interest in the assets of the Entity after deducting all of its liabilities. (Equity instruments issued by the Entity are recorded at the proceeds received, net of direct issue costs).

Trade and other payables

Trade and other payables are measured at amortised cost.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire.

3 Significant accounting policies (continued)

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.9 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns. rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.11 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Under normal circumstances, in recognising the revenue the management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Equity instruments

The Management have reviewed the equity instruments disclosed in the financial statements, in light of its capital requirements to maintain the current level of business. The Management confirms the Entity's positive intention and ability to continue the equity instruments on a long term basis.

Key sources of estimation uncertainty

The key assumptions 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 discussed below.

Property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

4 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Due to related parties

Fedders Lloyd Corporation Limited- India	1,015,438	-
	1,015,438	-

b) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

Purchases	1,015,438	476,864

5 Inventories

Goods held for trading	-	379,892
Less: Allowance for slow moving inventories	-	(284,919)
	-	94,973

Movement in allowance for slow moving inventories as at reporting date is as follows:

Balance at the beginning of the year	284,919	197,271
Charge during the year	-	94,973
Written off during the year	(284,919)	(7,325)
Balance at the end of the year	-	284,919

6 Trade receivables

Trade receivables	1,036,177	316,460
	1,036,177	316,460

Ageing of receivables that are not past due nor impaired

1 -90 days	1,036,177	316,460
	1,036,177	316,460

Geographical analysis

The geographical analysis of receivables are as follow:

Outside U.A.E. : India	1,036,177	316,460
	1,036,177	316,460

7 Advances, deposits and other receivables

Prepayments	-	42,233
Deposits	3,417	3,417
	3,417	45,650

8 Cash and bank balances

Cash at banks	188,888	78,691
	188,888	78,691

	2013	2012

9 Share capital

Authorised, issued and paid up capital of the Entity is AED 500,000, divided into 5 shares of AED 1000,000 each fully paid.

The details of the shareholding as at reporting date are as follows:

Name of Shareholders	Nationality	Percentage	No of shares	2013	2012
Fedders Lloyd Corporation Limited	Indian	100%	5	500,000	500,000
		100%	5	500,000	500,000

10 Accumulated losses

	2013	2012
Balance at the beginning of the year	(1,589,028)	(1,404,157)
Comprehensive income for the year	(13,218)	(184,871)
Balance at the end of the year	(1,602,246)	(1,589,028)

11 Shareholders' current account

	2013	2012
Balance at the beginning of the year	1,614,824	1,301,003
Net movements during the year	(313,821)	313,821
Balance at the end of the year	1,301,003	1,614,824

Breakup of Shareholders' current accounts:

Name of Shareholders	As at December 31, 2011	Net movements	As at December 31, 2012
Fedders Lloyd Corporation Limited	1,614,824	(313,821)	1,301,003
	1,614,824	(313,821)	1,301,003

12 Trade and other payable

	2013	2012
Accruals	6,500	6,500
Other payables	7,787	3,478
	14,287	9,978

13 Revenue

	2013	2012
Sales : Within U.A.E.	243,432	83,953
Sales : Outside U.A.E. : India	1,036,177	484,546
	1,279,609	568,499

14 Direct cost

	2013	2012
Inventories, beginning of the year	94,973	197,270
Add: Purchases	1,023,225	518,204
Less: Inventories, end of the year (note 5)	-	(94,973)
	1,118,198	620,501

15 Other income/ (loss)

	2013	2012
Foreign currency exchange gain/(loss) - net	-	(2,956)
Others	3,477	-
	3,477	(2,956)

16 Selling and distribution expenses

	2013	2012
Custom Duty	94,731	24,434
	94,731	24,434

17 Administrative expenses

	2013	2012
Rent	42,233	43,635
Legal, visa, professional and related expenses	6,750	21,500
Others	34,392	40,344
	83,375	105,479

18 Financial Instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

	As at December 31,	
b) *Categories of financial instruments*	2013	2012
Financial assets		
Trade receivables	1,036,177	316,460
Other receivables	3,417	3,417
Cash and bank balances	188,888	78,691
	1,228,482	398,568
Financial liabilities at amortised cost		
Trade and other payable	14,287	9,978
Due to related parties	1,015,438	-
	1,029,725	9,978

c) *Fair values of financial instruments*

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables and certain other assets. Financial liabilities consist of trade payables and accruals and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

19 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) *Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Euro.

b) *Interest rate risk management*

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to interest free loans from its shareholders at its disposal to further reduce liquidity risk.

19 Financial risk management objectives (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements were as follows:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at June 30, 2013			
Financial assets							
Trade receivables	-	-	-	1,036,177	-	-	1,036,177
Other receivables	-	-	-	-	3,417	-	3,417
Cash and bank balances	-	-	-	188,888	-	-	188,888
	-	-	-	1,225,065	3,417	-	1,228,482
Financial liabilities							
Trade and other payables	-	-	-	-	14,287	-	14,287
Due to related parties	-	-	-	-	1,015,438	-	1,015,438
	-	-	-	-	1,029,725	-	1,029,725
				As at June 30, 2012			
Financial assets							
Trade receivables	-	-	-	316,460		-	316,460
Other receivables	-	-	-	-	3,417	-	3,417
Cash and bank balances	-	-	-	78,691	-	-	78,691
	-	-	-	395,151	3,417	-	398,568
Financial liabilities							
Trade and other payables	-	-	-	-	9,978	-	9,978
	-	-	-	-	9,978	-	9,978

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are discussed in Note 5 & 6 to the financial statements.

The Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

20 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.

21 Events after the reporting period

On July 3, 2013, the Entity the had began operating under a new Commercial License (No. 5009813) and had ceased operating under the previous General Trading License (No. 7000188).

22 Reclassification

Certain amounts for the prior year were reclassified to conform to current year presentation, however such reclassification do not have a impact on the previously reported profit or equity.