

Report on the Financial Statements

We have audited the accompanying financial statements of **SHARPAR S.A.**, which comprises the statement of financial position for the year ending 31.12.2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

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 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 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 company'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 company'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 **SHARPAR S.A.** for the year ending 31.12.2017 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

For V.K.BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REGISTRATION NO:101083W

CA K.V.BESWAL
PARTNER
M.NO.131054
PLACE : MUMBAI
DATED : 11.04.2018



SHARPAR S.A.

Statement of Financial Position
As at 31 December, 2017

| | <u>Notes</u> | <u>31-Dec-17</u> <u>US \$</u> | <u>31-Dec-16</u> <u>US \$</u> |
|-------------------------------------|--------------|----------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 594 | 1,081 |
| Total non-current assets | | <u>594</u> | <u>1,081</u> |
| Current assets | | | |
| Cash and bank balances | 4 | 4,531 | 5,976 |
| Other assets | 5 | 45,105 | 43,103 |
| Total current assets | | <u>49,636</u> | <u>49,079</u> |
| Total assets | | <u>50,230</u> | <u>50,160</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 6 | 6,000 | 6,000 |
| Other reserves | 7 | 28,202 | 26,274 |
| Total equity | | <u>34,202</u> | <u>32,274</u> |
| Liabilities | | | |
| Other liabilities | 8 | 16,028 | 17,886 |
| Total liabilities | | <u>16,028</u> | <u>17,886</u> |
| Total equity and liabilities | | <u>50,230</u> | <u>50,160</u> |

For SHARPAR S.A.



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Statement of Comprehensive Income
for the year ended 31 December, 2017

| | <u>Notes</u> | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
|---|--------------|---|---|
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | <hr/> | <hr/> |
| Other Income | 9 | 18,835 | 18,102 |
| Other gains and losses | 10 | 455 | 428 |
| Selling and distribution expenses | 11 | (12,120) | (11,376) |
| Administrative expenses | 12 | (5,928) | (6,583) |
| Other expenses | 13 | (755) | (891) |
| Profit/Loss for the period | | <hr/> 487 | <hr/> (320) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation difference | | 1,441 | (16,559) |
| Other comprehensive income for the year, net of income tax | | 1,441 | (16,559) |
| Total other comprehensive income | | <hr/> 1,928 | <hr/> (16,879) |
| Earnings per share | | | |
| Basic and diluted | 14 | 16.23 | -10.67 |

For SHARPAR S.A.

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SHARPAR S.A.

Statement of Cash flows
for the year ended 31 December, 2017

| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
|---|---|---|
| <u>Cash flows from operating activities</u> | | |
| Profit/(loss) for the period | 487 | (320) |
| Adjustments for: | | |
| Depreciation | 584 | 554 |
| Finance costs | - | - |
| | <u>1,071</u> | <u>235</u> |
| <u>Movements in working capital:</u> | | |
| (Increase)/decrease in inventories | - | - |
| (Increase)/decrease in trade and other receivables | - | - |
| Changes in other assets | (2,002) | 143 |
| Changes in liabilities | (1,858) | 17,886 |
| Net cash (used in) operating activities | <u>(2,789)</u> | <u>18,264</u> |
| <u>Cash flows from investing activities</u> | | |
| Purchase of fixed assets | (51) | (65) |
| Net cash (used in) investing activities | <u>(51)</u> | <u>(65)</u> |
| <u>Cash flows from financing activities</u> | | |
| Finance costs paid | - | - |
| Net cash from financing activities | <u>-</u> | <u>-</u> |
| Net changes in cash and cash equivalents | (2,840) | 18,199 |
| Cash and cash equivalents at beginning of period | 5,976 | 4,474 |
| Foreign currency translation difference | 1,395 | (16,697) |
| Cash and cash equivalents at the end of the period | <u>4,531</u> | <u>5,976</u> |

For SHARPAR S.A.

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SHARPAR S.A.

Statement of Changes in Equity
for the year ended 31 December, 2017

| | Share Capital | Revaluation Reserves | Legal reserves | Foreign currency translation reserve | Retained earnings | Total |
|--|---------------|----------------------|----------------|--------------------------------------|-------------------|-----------------|
| | <u>US \$</u> | <u>US \$</u> | <u>US \$</u> | | <u>US \$</u> | <u>US \$</u> |
| As at 31st December, 2015 | 6,000 | 4,317 | 1,466 | 15,783 | 21,587 | 49,153 |
| Net profit for the period | - | - | - | | (320) | (320) |
| Other comprehensive income, net of tax | - | - | - | (16,559) | | (16,559) |
| Transfer to Reserves during the period | - | - | - | | - | - |
| Total comprehensive income for the year | | | | (16,559) | (320) | (16,879) |
| As at 31st December, 2016 | 6,000 | 4,317 | 1,466 | (776) | 21,267 | 32,274 |
| Net profit for the period | - | - | - | | 487 | 487 |
| Other comprehensive income, net of tax | - | - | - | 1,441 | | 1,441 |
| Transfer to Reserves during the period | - | - | - | | - | - |
| Total comprehensive income for the year | | | | 1,441 | 487 | 1,928 |
| As at 31st December, 2017 | 6,000 | 4,317 | 1,466 | 665 | 21,754 | 34,202 |

The shareholders as at 31/12/2017 and its interest as of that date in share capital of the company are as follows:-

| Name of the Shareholder | Country of the incorporation | Number of shares | Amount in PYG | Amount in USD |
|-------------------------------------|------------------------------|------------------|---------------|---------------|
| Siddhiviyanak International Limited | United Arab Emirates | 27 | 270,00,000 | 5,400 |
| Ashish Bubna | Not Applicable | 3 | 30,00,000 | 600 |



SHARPAR S.A.
Notes to the Financial Statements
for the year ended 31 December, 2017

1 Legal status

- a) Sharpar S.A. was incorporated on 30th December, 2004 in Paraguay.
- b) The principal activity of the company is trading of chemicals.

2 Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2016.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

c) Functional and presentation currency

The functional currency of the company is Paraguayan Guarani (PYG). These financial statements are presented in United States Dollar (USD).

3 Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows

Impairment

At each reporting date, management conducts an assessment of fixed assets 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 loans and receivables, if an amount is deemed irrecoverable, it is written off to income statement 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.

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life of fixed assets

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

Inventory provisions

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of fixed assets and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.



Significant accounting policies:

a) Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual instalments over their estimated useful lives.

| | |
|-------------------------------|----------|
| Office furniture and fixtures | 10 years |
| Computer equipment | 6 years |
| Vehicles | 5 years |
| Facilities | 10 years |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Depreciation on additions is calculated on a pro-rata basis from the date of additions and on deletion up to the date of deletion of the asset.

b) Financial instruments

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

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Non derivative financial assets

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

The company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

Derivative financial instruments:

A derivative financial instrument is one with all three of the following characteristics:

It's value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

It is settled at a future date.



Recognition and Measurement

Derivative Financial Instruments

The company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in income statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as financial assets and a derivate with a negative fair value is recognized as financial liability.

Loans and receivables

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

c) Inventories for trading

Inventories are valued at lower of cost or net realizable value where the cost is determined by using weighted average method.

Cost comprises invoice value plus attributable direct expenses.

Net realizable value is based on estimated selling price less any further costs expected to be incurred for disposal.

d) Trade and other receivables

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

e) Foreign currency transactions

Transactions in foreign currencies are converted into United States Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into United States Dollars at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the income statement.

f) Impairment

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement.

g) Trade and other payables

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

h) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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



SHARPAR S.A.
Notes to the Financial Statements
for the year ended 31 December, 2017

i) Fair values

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

j) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and the lease payments are charged to the income statement on a straight line basis over the period of lease.

k) Revenue recognition,

Sales of goods

Sales represents net amount invoiced for goods delivered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

The company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the company; and specific criteria have been met for each of the companies' activities.

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

l) Borrowing costs

Finance expense comprises finance cost on bank borrowing and interest paid to a shareholder is recognized in statement of comprehensive income.

m) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement 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.

n) Dividend:

Dividend is paid out of accumulated profits, when declared.



SHARPAR S.A.
Notes to the Financial Statements
for the year ended 31 December, 2017

| 1 Carrying amounts of: | 31/12/2017 | 31/12/2016 |
|-------------------------------|------------|--------------|
| Office furniture and fixtures | 238 | 535 |
| Computer equipment | 356 | 488 |
| Vehicles | | |
| Facilities | - | 58 |
| | 594 | 1,081 |

| Property, plant and equipment | Office furniture and fixtures US \$ | Computer equipment US \$ | Vehicles US \$ | Facilities US \$ | Total US \$ |
|---------------------------------|--|-----------------------------|-------------------|---------------------|----------------|
| Cost or valuation | | | | | |
| As at 01 January, 2017 | 3,263 | 2,084 | 19,451 | 564 | 25,362 |
| Addition during the year | 25 | 23 | | 3 | 51 |
| Revaluation | 152 | 97 | 903 | 26 | 1,178 |
| As at 31 December, 2017 | 3,440 | 2,204 | 20,354 | 593 | 26,591 |
| Accumulated depreciation | | | | | |
| As at 01 January, 2017 | 2,728 | 1,596 | 19,451 | 506 | 24,281 |
| Charge for the period | 344 | 177 | - | 63 | 584 |
| Revaluation | 130 | 75 | 903 | 24 | 1,131 |
| As at 31 December, 2017 | 3,202 | 1,848 | 20,354 | 593 | 25,997 |
| Net book value | | | | | |
| As at 31 December, 2017 | 238 | 356 | - | - | 594 |
| As at 31 December, 2016 | 535 | 488 | - | 58 | 1,081 |

In the opinion of management, there was no impairment in respect of fixed assets. Hence carrying value of fixed assets as at 31 Dec, 2017 approximates their net book value.



SHARPAR S.A.

Notes to the Financial Statements
for the year ended 31 December, 2017

| | As at 31-Dec-17 | As at 31-Dec-16 <u>US \$</u> |
|--|------------------------------------|------------------------------------|
| 4 Cash and bank balances | | |
| Cash in hand | 4,531 | 5,976 |
| Balances in bank | <u>4,531</u> | <u>5,976</u> |
| | | |
| | As at 31-Dec-17 <u>US \$</u> | As at 31-Dec-16 <u>US \$</u> |
| 5 Other assets | | |
| VAT receivable | 4,878 | 4,661 |
| Tax Credit Fiscal | 40,109 | 38,329 |
| Deposit for rent | 118 | 113 |
| | <u>45,105</u> | <u>43,103</u> |
| | | |
| | As at 31-Dec-17 <u>US \$</u> | As at 31-Dec-16 <u>US \$</u> |
| 6 Share capital | | |
| Authorised : | | |
| 30 Shares of 1,000,000 Paraguayan Guarani | 6,000 | 6,000 |
| | | |
| Issued and paid up | | |
| 30 Shares of 1,000,000 Paraguayan Guarani | 6,000 | 6,000 |
| | <u>6,000</u> | <u>6,000</u> |
| | | |
| | As at 31-Dec-17 <u>PYG</u> | As at 31-Dec-16 <u>US \$</u> |
| 7 Reserves | | |
| a) Legal Reserves | | |
| Opening balance | 1,466 | 1,466 |
| Add: Transfer during the year | - | - |
| Closing balance | <u>1,466</u> | <u>1,466</u> |
| | | |
| b) Revaluation reserve | | |
| Opening balance | 4,317 | 4,317 |
| Add: Transfer during the year | - | - |
| Closing balance | <u>4,317</u> | <u>4,317</u> |
| | | |
| c) Foreign currency translation reserve | | |
| Opening balance | (776) | 15,783 |
| Add: Gain/(loss) during the year | 1,441 | (16,559) |
| Closing balance | <u>665</u> | <u>(776)</u> |
| | | |
| d) Accumulated profits | | |
| Opening balance | 21,267 | 21,587 |
| Add: Profit for the year | 487 | (320) |
| Less: Transfer to legal reserves | - | - |
| Closing balance | <u>21,754</u> | <u>21,267</u> |
| | | |
| Total Reserves | <u>28,202</u> | <u>26,274</u> |



SHARPAR S.A.

Notes to the Financial Statements
for the year ended 31 December, 2017

| | As at 31-Dec-17 <u>US \$</u> | As at 31-Dec-16 <u>US \$</u> |
|---|---|---|
| 8 Other liabilities | | |
| Other payable | 16,028 | 17,886 |
| | <u>16,028</u> | <u>17,886</u> |
| | | |
| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| 9 Other income | | |
| Other income | 18,835 | 18,102 |
| | <u>18,835</u> | <u>18,102</u> |
| | | |
| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| 10 Other gains and losses | | |
| Exchange difference | 455 | 428 |
| | <u>455</u> | <u>428</u> |
| | | |
| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| 11 Selling and distribution expenses | | |
| Fuels and Lubricants | 0 | 375 |
| Other selling expenses | 12,120 | 11,001 |
| | <u>12,120</u> | <u>11,376</u> |
| | | |
| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| 12 Administrative expenses | | |
| Professional Fees | 1,953 | 2,489 |
| Rent | 2,733 | 2,880 |
| Communication expenses | 740 | 11 |
| Repairs and maintenance expenses | 39 | - |
| Other administrative expenses | 463 | 1,203 |
| | <u>5,928</u> | <u>6,583</u> |
| | | |
| | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| 13 Other expenses | | |
| Rates and taxes | 109 | 131 |
| Depreciation and amortisation expenses | 584 | 554 |
| Other expense | 6 | 9 |
| Bank charges | 56 | 197 |
| | <u>755</u> | <u>891</u> |
| | | |
| 14 Earnings per share (EPS) | | |
| Particulars | Year ended 31-Dec-17 <u>US \$</u> | Year ended 31-Dec-16 <u>US \$</u> |
| Basic and diluted earning per share: | | |
| Profit after taxation as per statement of profit and loss | 487 | (320) |
| Weighted average number of equity shares outstanding | 30 | 30 |
| Basic and diluted earning per share | 16.23 | (10.67) |
| Nominal Value of equity share (PYG) | 10,00,000 | 10,00,000 |

