

**RUCHI ETHIOPIA HOLDINGS
LIMITED**

Financial Statements

31 March 2017

Registered Address:

P.O. Box 118767,
Dubai, U.A.E.

RUCHI ETHIOPIA HOLDINGS LIMITED

Financial Statements

31 March 2017

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RUCHI ETHIOPIA HOLDINGS LIMITED

Director's Report

The director submits his report and accounts for the year ended 31 March 2017.

Results

Profit for the year amounted to US \$ 653,929/-.

Review of the business

The company is registered to carry out general trading and investment holding worldwide, to invest in companies/properties, joint business ventures with overseas entities and investment in overseas entities and also investment in properties of Dubai World, Nakeel, Emaar, Dubai Holdings and any other approved projects by Jebel Ali Free Zone.

Events since the end of the year

There are no significant events that have occurred since the year-end that materially affect the company.

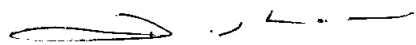
Shareholder and its interest

The sole shareholder, as at 31 March 2017 and its interest, as on that date in the share capital of the company, was as follows:

<u>Name of the shareholder</u>	<u>Country of Incorporation</u>	<u>No. of shares</u>	<u>AED</u>	<u>Equivalent US \$</u>
Ruchi Soya Industries Limited (Represented by Mr. Dinesh Chandra Shahra)	India	28,543	28,543,000	7,777,384

Auditors

A resolution to appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to board at the annual general meeting.



Mr. Dinesh Chandra Shahra
Director

Independent Auditors' Report to the Shareholder of RUCHI ETHIOPIA HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **RUCHI ETHIOPIA HOLDINGS LIMITED** (the "Company"), which comprises of the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter:

Without qualifying our audit opinion, we draw attention to the following:

- a) Note 1(c) which states that the company does not prepare consolidated financial statements, as its ultimate parent company Ruchi Soya Industries Limited, India prepares consolidated financial statements for the group.
- b) Note 2(b) states that these financial statements have been prepared on a going concern basis.

However, in view of the accumulated losses of US \$ 6,140,309/- arising out of the non-recoverable losses of the subsidiary company, the continuance of the business, as a going concern, is dependent upon the subsidiary company's ability to earn income, to generate positive cash flows and the ability of the shareholder of the company to support the business of the company.

**Independent Auditors' Report to the Shareholder of
RUCHI ETHIOPIA HOLDINGS LIMITED****Report on the Audit of the Financial Statements (contd.):****Other Information**

Management is responsible for the other information. Other information comprises the directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

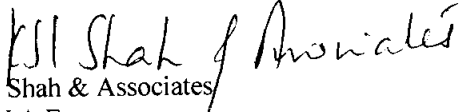
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Independent Auditors' Report to the Shareholder of
RUCHI ETHIOPIA HOLDINGS LIMITED****Report on the Audit of the Financial Statements (contd.):**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

25 May 2017

RUCHI ETHIOPIA HOLDINGS LIMITED

Statement of Financial Position

At 31 March 2017


	<i>Notes</i>	<i>2017</i> <u>US \$</u>	<i>2016</i> <u>US \$</u>
ASSETS			
Non-current assets			
Investment in a subsidiary	6	<u>-</u>	<u>(404,922)</u>
Current assets			
Bank balance in call deposit account		<u>50,491</u>	<u>55,009</u>
TOTAL ASSETS		<u>50,491</u>	<u>(349,913)</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	7,777,384	7,777,384
Foreign exchange fluctuation reserve	8	(2,118,132)	(1,746,300)
Accumulated losses		<u>(6,140,309)</u>	<u>(6,794,238)</u>
Total equity		<u>(481,057)</u>	<u>(763,154)</u>
Non current liabilities			
	9	<u>503,950</u>	<u>403,000</u>
Current liabilities			
Accruals	10	<u>27,598</u>	<u>10,241</u>
TOTAL EQUITY AND LIABILITIES		<u>50,491</u>	<u>(349,913)</u>

The accompanying notes 1 to 16 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on page 2 to 4.

Approved and signed by the director on 27th May 2017.

For RUCHI ETHIOPIA HOLDINGS LIMITED


Mr. Dinesh Chandra Shakra
 Director

RUCHI ETHIOPIA HOLDINGS LIMITED

Statement of Comprehensive Income for the year ended 31 March 2017

	<i>Notes</i>	<i>2017</i> <u>US \$</u>	<i>2016</i> <u>US \$</u>
Expenses	11	(5,728)	(5,802)
Interest on call deposit account		<u>235</u>	<u>291</u>
Loss from operation		(5,493)	(5,511)
Finance charges	9	(16,382)	(8,266)
Reversal of / (provision for) impairment in value of investment in a subsidiary company	12	<u>675,804</u>	<u>(1,231,660)</u>
Profit / (loss) for the year		653,929	(1,245,437)
<i>Items that will not be reclassified subsequent to the income statement</i>			
Changes in foreign exchange fluctuation reserve		<u>(371,832)</u>	<u>(311,300)</u>
Total comprehensive income for the year		<u>282,097</u>	<u>(1,556,737)</u>

The accompanying notes 1 to 16 form an integral part of these financial statements.

RUCHI ETHIOPIA HOLDINGS LIMITED

Statement of Changes in Equity for the year ended 31 March 2017

	<i>Share capital US \$</i>	<i>Foreign exchange fluctuation reserve US \$</i>	<i>Accumulated losses US \$</i>	<i>Total US \$</i>
As at 31 March 2015	7,777,384	(1,435,000)	(5,548,801)	793,583
Changes during the year	-	(311,300)	-	(311,300)
Loss for the year	-	-	<u>(1,245,437)</u>	<u>(1,245,437)</u>
As at 31 March 2016	7,777,384	(1,746,300)	(6,794,238)	(763,154)
Changes during the year	-	(371,832)	-	(371,832)
Profit for the year	-	-	<u>653,929</u>	<u>653,929</u>
As at 31 March 2017	<u>7,777,384</u>	<u>(2,118,132)</u>	<u>(6,140,309)</u>	<u>(481,057)</u>

The accompanying notes 1 to 16 form an integral part of these financial statements.

RUCHI ETHIOPIA HOLDINGS LIMITED

Statement of Cash Flows for the year ended 31 March 2017

	<i>2017</i>	<i>2016</i>
	<u>US \$</u>	<u>US \$</u>
<u>Cash flows from operating activities</u>		
Profit / (loss) for the year	653,929	(1,245,437)
Adjustments for:		
Finance charges	16,382	8,266
(Reversal) / impairment in value of investment in a subsidiary company	<u>(675,804)</u>	<u>1,231,660</u>
Operating loss before working capital changes	(5,493)	(5,511)
Changes in accrual	<u>17,357</u>	<u>8,266</u>
Net cash from operations	11,864	2,755
Finance charges paid	<u>(16,382)</u>	<u>(8,266)</u>
Net cash used in operating activities	<u>(4,518)</u>	<u>(5,511)</u>
<u>Cash flows from investing activities</u>		
Share application money	(100,950)	(183,000)
Changes in investment in subsidiary	<u>-</u>	<u>(220,000)</u>
Net cash used in investing activities	<u>(100,950)</u>	<u>(403,000)</u>
<u>Cash flows from financing activities</u>		
Proceeds from a related party	<u>100,950</u>	<u>403,000</u>
Net cash from financing activities	<u>100,950</u>	<u>403,000</u>
Net changes in cash and cash equivalents	(4,518)	(5,511)
Cash and cash equivalents at beginning of the year	<u>55,009</u>	<u>60,520</u>
Cash and cash equivalents at end of the year	<u>50,491</u>	<u>55,009</u>

The accompanying notes 1 to 16 form an integral part of these financial statements.

RUCHI ETHIOPIA HOLDINGS LIMITED

(Incorporated in Jebel Ali Free Zone, Emirate of Dubai)

(Registration No. 140193)

Notes to the Financial Statements

for the year ended 31 March 2017

1. Legal status and business activity

- a) **RUCHI ETHIOPIA HOLDINGS LIMITED** (“The Company”) is an International Business Company, registered on 4 August 2010 under the “Offshore Companies Regulation of Jebel Ali Free Zone 2003” having registration no. 140193.
- b) The company is registered to carry out general trading and investment holding worldwide, to invest in companies/properties, joint business ventures with overseas entities and investment in overseas entities and also investment in properties of Dubai World, Nakeel, Emaar, Dubai Holdings and any other approved projects by Jebel Ali Free Zone. During the year, the company has not earned any revenue as the company has not carried out any other trade or commercial activities.
- c) These financial statements are prepared on a stand-alone basis, to comply with the local regulations. The ultimate holding company, Ruchi Soya Industries Limited, India prepares consolidated financial statements for the group.
- d) The company operates through a servcorp office, does not have any fixed assets and no personnel were employed during the year.

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 and the implementing rules and regulations of the Offshore Companies Regulation of Jebel Ali Free Zone.

b) Going concern

These financial statements have been prepared on a going concern basis, which assume that the company will continue to operate as a going concern for a foreseeable future.

However, in view of the accumulated losses of US \$ 6,140,309/-, arising out of the non-recoverable loss of the subsidiary company and the devaluation of the cost of the subsidiary company on account of foreign exchange fluctuations, the continuance of the business, as a going concern, is dependent upon the subsidiary company’s ability to earn income and to generate positive cash flows and the ability of the shareholder of the company to support the operations of the company.

The shareholder of the company has agreed to continue the commercial and business operations of the company and its step down subsidiary company and to continue to provide support to the company financially thereby ensuring that the company can meet its liabilities as and when they fall due.

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements *for the year ended 31 March 2017*

c) Basis of measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

d) Functional and presentation currency

These financial statements are presented in US Dollars, which is the company's functional and presentation currency.

3. Use of estimates and judgement

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:

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

Impairment

At each reporting date, management conducts an assessment of investments 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 Statement of comprehensive income or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Classification of investment

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortized cost. In judging whether investments in securities are classified as at fair value or amortized cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

Classification of investment as a subsidiary

The company has classified its 99.99 % investment in Ruchi Agri PLC, Ethiopia, a limited liability company, as its subsidiary, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company, Ruchi Agri PLC.

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 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.

Impairment

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

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements *for the year ended 31 March 2017*

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The director of the company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The director ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 6.

4. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards and amendments

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting year and which are applicable to the company are as follows:

- IFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to IAS 1)
- Clarification on acceptable methods of Depreciation and Amortization(Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Investment Entities: Applying the Consolidation Exception(Amendment to IFRS 10,IFRS 12 and IAS 28)
- Accounting for acquisitions of Interest in Joint operations (Amendments to IFRS 11)
- Amendments to IAS 19 Employee Benefits
- Equity method in Separate Financial Statements(Amendments to IAS 27)
- Annual Improvements to IFRSs 2012-2014 Cycle

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates.

Their adoption has resulted in presentation and disclosure changes only.

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

b) **International Financial Reporting Standards issued but not effective**

IAS 7 – Disclosure initiatives – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

IAS 12 – Recognition of Deferred Tax Assets for Unrealized losses – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

IFRS 9 – Financial Instruments (July 2014 version) This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2018.

IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.

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

5. **Significant accounting policies:**

a) **Investment in a subsidiary company**

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiaries is stated at cost less provision for impairment if any.

Foreign exchange gain or losses arising on account of foreign currencies transacted during the year are reported in the statement of comprehensive income.

Fair value adjustments for foreign exchange gains or losses arising on account of foreign currency translated at the rate of exchange ruling at the reporting date are recorded in the statement of changes in equity.

Income from investment in subsidiary is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

RUCHI ETHIOPIA HOLDINGS LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2017***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 financials 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.

During the year, the company does not have financial assets.

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.

The company does not have any financial assets classified at fair value through profit or loss, held-to-maturity financial assets or available-for-sale financial assets.

Offsetting of financial assets and liabilities

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

c) Other receivable

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

Bad debts are written off when identified.

RUCHI ETHIOPIA HOLDINGS LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2017***d) Foreign currency transactions**

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

e) Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

Impairment of financial assets

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortized cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of comprehensive income.

If a write-off is later recovered, the recovery is credited to the Statement of comprehensive income.

f) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of comprehensive income.

RUCHI ETHIOPIA HOLDINGS LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2017***g) 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.

h) Other payables and accruals

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

i) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

j) Interest income

Interest income from a financial asset is recognized on receipt basis.

k) Borrowing costs

Finance expense comprises interest expense on loan from a related party is recognised in statement of comprehensive income.

l) 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.

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

6. Investment in a subsidiary company

	%	2017	2016
	<i>holding</i>	<i>US \$</i>	<i>US \$</i>
Ruchi Agri PLC			
Unquoted shares in an overseas subsidiary company (131,228 shares @ 1,000Birr per share)	99.99	7,860,038	7,860,038
Share Application Money ¹		<u>338,950</u>	<u>238,000</u>
		8,198,988	8,098,038
Provision for impairment losses ²		<u>(6,080,856)</u>	<u>(6,756,660)</u>
		2,118,132	1,341,378
Foreign exchange fluctuation reserve		<u>(2,118,132)</u>	<u>(1,746,300)</u>
		<u>-</u>	<u>(404,922)</u>

¹ Represents share application (equivalent to Birr 7,222,417/-) for additional 7,222/- shares each having face value 1,000 Birr, paid to subscribe for additional shares of a subsidiary company, Ruchi Agri PLC, Ethiopia. However, the share capital was not issued as of the reporting date, pending legal formalities.

² Represents provision for impairment loss of its subsidiary based on its audited accounts.

	2017	2016
	<i>US \$</i>	<i>US \$</i>
7. Share capital		
28,543 shares of nominal value AED 1,000/- each (1 US \$ equivalents to AED 3.67)	<u>7,777,384</u>	<u>7,777,384</u>

8. Foreign exchange fluctuation reserve

The foreign exchange fluctuation reserve is created for fluctuations in the fair value of investment arising in unquoted shares in an overseas subsidiary company, out of difference between the rates of Ethiopian Birr prevailing as of the date of investment and the rate of the Ethiopian Birr as of the reporting date.

	2017	2016
	<i>US \$</i>	<i>US \$</i>
9. Non-current liabilities		
Due to a related party ¹	<u>503,950</u>	<u>403,000</u>

¹ Represents unsecured loan with interest @ 3.55% p.a. received from Ruchi Industries Pte. Ltd., Singapore. The loan is repayable over a period of 36 months.

10. Accruals

Finance charges payable	24,648	8,266
Other accrual	<u>2,950</u>	<u>1,975</u>
	<u>27,598</u>	<u>10,241</u>

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

	<u>2017</u> <u>US \$</u>	<u>2016</u> <u>US \$</u>
11. Expenses		
Legal and company formation expenses	1,811	1,846
Other administration expenses	<u>3,917</u>	<u>3,956</u>
	<u><u>5,728</u></u>	<u><u>5,802</u></u>
12. Reversal / (provision) for impairment loss in a subsidiary		
Closing balance of impairment loss	6,080,856	6,756,660
Opening balance of impairment loss	<u>6,756,660</u>	<u>5,525,000</u>
Reversa/(provision)l of impairment loss	<u><u>675,804</u></u>	<u><u>(1,231,660)</u></u>

13. Financial instruments: Credit, interest rate, liquidity risk and exchange rate risk exposures

The company has exposure to the following risks from its use financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of bank balance in call deposit account and advance for share application.

Other receivables

There is no significant concentration of credit risk from other receivables within U.A.E. and outside U.A.E and the industry in which the company operates.

Bank balance

The company's bank balance in call deposit account is placed with high credit quality financial institutions.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk, interest rate risk and equity prices risk, which will affect the company's income or the value of its holding of financial instruments.

RUCHI ETHIOPIA HOLDINGS LIMITED

Notes to the Financial Statements for the year ended 31 March 2017

Interest rate risk

Interest on call account is at the rate generally prevailing in U.A.E. market.

Exchange rate risk

Except for the following, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or US Dollars to which the U.A.E. Dirham is fixed:

		<i>31 March</i>	<i>31 March</i>
		<i>2017</i>	<i>2016</i>
	<i>Currency</i>	<i>US \$</i>	<i>US \$</i>
Foreign currency financial assets:			
Included in investment			
Unquoted shares in an overseas subsidiary company	Birr	7,860,038	7,860,038
Share application money	Birr	338,950	238,000

c) **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

14. Financial instruments: Fair values

The fair value of the company's financial assets comprising of investment in a subsidiary company, bank balance and advance for share application and financial liabilities comprising of due to a related party and accruals that approximate to their carrying values.

15. Contingent liability

There was no significant liability, contingent in nature, as of the reporting date.

16. Comparative figures

Previous year's figures have been regrouped/reclassified to conform to the presentation adopted for the current year.