

**FRESTED LIMITED**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

# FRESTED LIMITED

## REPORT AND FINANCIAL STATEMENTS For the year ended 31 March 2017

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## **FRESTED LIMITED**

### OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	: SH Vijay Agarwal Costas Christoforou
Secretary	: Cymanco Services Limited
Banker	: Bank of Cyprus Public Company Ltd
Registered Office	: 12 Esperidon street 4th Floor 1087 Nicosia Cyprus
Registration number	: HE189137

**FRESTED LIMITED**  
**BOARD OF DIRECTORS' REPORT**

The Board of Directors of Frested Limited (the "Company") presents to the members its Annual Report together with the financial statements of the Company for the year ended 31 March 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the Company, which is unchanged from last year, is that of a holding company.

**FINANCIAL RESULTS**

The Company's financial results for the year ended 31 March 2017 are set out on page 4 to the financial statements. The net loss for the year attributable to the shareholders of the Company amounted to US\$48181 (2016: US\$325).

**EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY**

The current financial position as presented in the financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

**DIVIDENDS**

The Board of Directors does not recommend the payment of a dividend.

**MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 11 to the financial statements.

**SHARE CAPITAL**

There were no changes in the share capital of the Company during the year.

**BRANCHES**

During the year ended 31 March 2017 the Company did not operate any branches.

**BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 March 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 March 2017.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

BOARD OF DIRECTORS' REPORT *(continued)*

**EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**RELATED PARTY TRANSACTIONS**

Disclosed in note 11 to the financial statements.

By order of the Board of Directors,

Cymanco Services Limited  
Secretary

Nicosia, 15<sup>th</sup> May, 2017

## FRESTED LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2016 to 31 March 2017

	Note	2017 US\$	2016 US\$
Net (loss)/profit from investing activities	4	-31,311	10,221
Administrative expenses	5	-16,678	-9,596
<b>Operating (loss)/profit</b>	6	<b>-47,989</b>	<b>625</b>
Finance income		747	13
Finance expenses		-940	-963
<b>Net finance income/(cost)</b>	7	<b>-193</b>	<b>-950</b>
<b>Loss before tax</b>		<b>-48,181</b>	<b>-325</b>
Tax	8		
<b>Loss for the period/year</b>		<b>-48,181</b>	<b>-325</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive expense for the period/year</b>		<b>-48,181</b>	<b>-325</b>

## FRESTED LIMITED

### STATEMENT OF FINANCIAL POSITION

As At 31 March 2017

	Note	2017 US\$	2016 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	9	213,808	245,119
<b>Total non-current assets</b>		<b>213,808</b>	<b>245,119</b>
<b>Current assets</b>			
Trade and other receivables	10	-	2,026
Cash and cash equivalents		1,651	-
<b>Total current assets</b>		<b>1,651</b>	<b>2,026</b>
<b>Total assets</b>		<b>215,459</b>	<b>247,145</b>
<b>Equity</b>			
<b>Equity and reserves</b>			
Share capital	11	1,300	1,300
Reserves		-4,015,090	-3,966,909
<b>Total equity</b>		<b>-4,013,790</b>	<b>-3,965,609</b>
<b>Liabilities</b>			
Loans and borrowings	12	4,224,412	4,199,427
<b>Total non-current liabilities</b>		<b>4,224,412</b>	<b>4,199,427</b>
Bank overdrafts		-	425
Trade and other payables	13	4,838	12,902
<b>Total current liabilities</b>		<b>4,838</b>	<b>13,327</b>
<b>Total liabilities</b>		<b>4,229,250</b>	<b>4,212,754</b>
<b>Total equity and liabilities</b>		<b>215,459</b>	<b>247,145</b>

On 15 May 2017 the Board of Directors of Frested Limited approved and authorised these financial statements for issue.

Sd/-  
SH Vijay Agarwal  
Director

Sd/-  
Costas Christoforou  
Director

The notes 1 to 19 are an integral part of these financial statements.

## FRESTED LIMITED

### STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2016 to 31 March 2017

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
Balance at 1 April 2015	1,300	-3,966,584	-3,965,284
<b>Comprehensive income</b>			
Loss for the year	-	-325	-325
Balance at 31 March 2016	<u>1,300</u>	<u>-3,966,909</u>	<u>-3,965,609</u>
Balance at 1 April 2016	1,300	-3,966,909	-3,965,609
<b>Comprehensive income</b>			
Loss for the period	-	-48,181	-48,181
Balance at 31 March 2017	<u>1,300</u>	<u>-4,015,090</u>	<u>-4,013,790</u>

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.



## FRESTED LIMITED

### STATEMENT OF CASH FLOWS

For the period from 1 April 2016 to 31 March 2017

	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Loss for the period/year	-48,181	-325
Adjustments for:		
Unrealised exchange loss	21	213
Impairment charge -/(Reversal of impairment of) investments in subsidiaries	31,311	-10,221
Interest income	-1	-
Interest expense	20	1
<b>Cash used in operations before working capital changes</b>	<b>-16,830</b>	<b>-10,332</b>
Decrease/(increase) in trade and other receivables	2,026	-2,026
Increase in trade and other payables	-8,064	122
<b>Cash used in operations</b>	<b>-22,869</b>	<b>-12,236</b>
 <b>Cash flows from investing activities</b>		
Interest received	-1	-
<b>Net cash generated from investing activities</b>	<b>1</b>	<b>-</b>
 <b>Cash flows from financing activities</b>		
Proceeds from borrowings	24,985	12,000
Unrealised exchange (loss)	-21	-213
Interest paid	-20	-1
<b>Net cash generated from financing activities</b>	<b>24,944</b>	<b>11,786</b>
 <b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,076</b>	<b>-450</b>
Cash and cash equivalents at beginning of the period/year	-425	25
<b>Cash and cash equivalents at end of the period/year</b>	<b>1,651</b>	<b>-425</b>
 Cash and cash equivalents are defined by:		
Cash and cash equivalents	1,651	-
Bank overdrafts	-	-425
	<b>1,651</b>	<b>-425</b>

## FRESTED LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 April 2016 to 31 March 2017

#### 4. (LOSS)/PROFIT FROM INVESTING ACTIVITIES

	2017	2016
	US\$	US\$
(Charge)/Reversal of impairment on Investments in subsidiary	-31,311	10,221
	<b>-31,311</b>	<b>10,221</b>

#### 5. ADMINISTRATIVE EXPENSE

	2017	2016
	US\$	US\$
Registrar annual fee	447	374
Sundry expense	426	-
Courier expense	-	68
Stationary and printing	32	18
Certification and legalisation expense	542	-
Independent auditor's remuneration - current period	3,189	3,000
Independent auditor's remuneration - prior years	204	-
Accounting fees	860	1,070
Legal and professional	6,184	158
Director's fees	721	841
Secretarial fees	721	841
Irrecoverable VAT	2,506	1,472
Administrative expense	845	1,754
	<b>16,678</b>	<b>9,596</b>

#### 6. OPERATING (LOSS) /PROFIT

	2017	2016
	US\$	US\$
Operating (loss)/profit is stated after charging the following items:		
Directors' fees	721	841
Independent auditors' remuneration	3189	3,000
Independent auditors' remuneration - prior years	204	-

#### 7. NET FINANCE INCOME AND EXPENSES

	2017	2016
	US\$	US\$
Interest income	1	-
Exchange profit	746	13
	<b>747</b>	<b>13</b>
Net foreign exchange transaction losses	-21	-346
Interest expense	-20	-1
Sundry finance expenses	-899	-616
	<b>-940</b>	<b>-963</b>
<b>Net finance income/(cost)</b>	<b>-193</b>	<b>-950</b>

## 8. TAXATION

Reconciliation of tax based on the taxable income and tax based on accounting losses:

		US\$		US\$
Accounting loss before tax		-48,181		-325
Tax calculated at the applicable tax rates	12.50%	-6,023	12.50%	-41
Tax effect of expenses not deductible for tax purpose	-8.24%	3,972	-27.69%	90
Tax effect of allowances and income not subject to tax	- %	-	393.54%	-1,279
Tax effect of loss for the for the period/year	4.26%	-2,051	378.35%	-1,230
Tax as per statement of profit or loss and other components	- %	-	- %	-

The corporation tax rate is 12.50%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

## 9. INVESTMENTS IN SUBSIDIARIES

	2017 US\$	2016 US\$
Balance at 1 April	245,119	234,898
Fair Value (Loss) / Gain	-31,311	10,221
<b>Balance at 31 March</b>	<b>213,808</b>	<b>245,119</b>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activity	2017 Holding %	2016 Holding %
Forma SA Botosani	Romania	Manufacturing of agriculture and forestry machinery	89.52	89.52

## 10. TRADE AND OTHER RECEIVABLES

	2017 US\$	2016 US\$
Deferred expenses	-	2,026
	<b>-</b>	<b>2,026</b>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

## 11. SHARE CAPITAL

	Number of shares	US\$	Number of shares	US\$
<b>Authorised</b>				
Ordinary shares of €1 each	1,000	1,300	1,000	1,300
<b>Issued and fully paid</b>				
Balance at 1 April	1,000	1,300	1,000	1,300
Balance at 31 March	<b>1,000</b>	<b>1,300</b>	<b>1,000</b>	<b>1,300</b>

## 12. LOANS AND BORROWINGS

	2017 US\$	2016 US\$
Balance at 1 April	4,199,427	4,187,427
Additions	34,985	12,000
Repayments	-10,000	-
Balance at 31 March	<b>4,224,412</b>	<b>4,199,427</b>
<b>Non-current liabilities</b>		
Loans from subsidiaries (note 14 (ii))	-	10,000
Loans from related companies (note 14 (ii))	4,224,412	4,189,427
	<b>4,224,412</b>	<b>4,199,427</b>

The loan from parent company Action Construction Equipment Limited was provided with an interest of 11% and is repayable by 31 March 2019. The parties agreed that interest on the outstanding loan would not be charged after 31 March 2014.

The loan from subsidiary SC Forma SA bears no interest and it was repaid on 9 January 2017.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 14 to the financial statements.

## 13. TRADE AND OTHER PAYABLES

	2017 US\$	2016 US\$
Accruals	4,838	4,814
Other creditors	-	8,088
	<b>4,838</b>	<b>12,902</b>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 14 to the financial statements.

#### 14. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

##### (i) Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2017	2016
	US\$	US\$
Directors' fees	721	841
	<u>721</u>	<u>841</u>

##### (ii) Loans from related undertakings (Note 12)

	2017	2016
	US\$	US\$
Action Construction Equipment Limited	4,224,412	4,189,427
SC Forma SA	-	10,000
	<u>4,224,412</u>	<u>4,199,427</u>

#### 15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

##### (i) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and are undiscounted, and include estimated interest payments:

31-Mar-2017	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	over than 5 years
	US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables	-	-	-	-	-	-
Loans from related companies	4,224,412	4,224,412	-	-	4,224,412	-
	<u>4,224,412</u>	<u>4,224,412</u>	<u>-</u>	<u>-</u>	<u>4,224,412</u>	<u>-</u>

31-Mar-2016	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	over than 5 years
	US\$	US\$	US\$	US\$	US\$	US\$
Bank overdrafts	425	425	425	-	-	-
Trade and other payables	8,088	8,088	8,088	-	-	-
Loans from subsidiaries	10,000	10,000	-	-	-	10,000
Loans from related companies	4,189,427	4,189,427	-	-	4,189,427	-
	<b>4,207,940</b>	<b>4,207,940</b>	<b>8,513</b>	<b>-</b>	<b>4,189,427</b>	<b>10,000</b>

## 16. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31-Mar-2017	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
Available-for-sale financial assets	-	-	245,119	245,119
<b>Total</b>	<b>-</b>	<b>-</b>	<b>245,119</b>	<b>245,119</b>

31-Mar-2016	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
Available-for-sale financial assets	-	-	234,898	234,898
<b>Total</b>	<b>-</b>	<b>-</b>	<b>234,898</b>	<b>234,898</b>

## 17. GOING CONCERN BASIS

The company incurred a loss of US\$ 48,181 during the period from 1 April 2016 to 31 March 2017, and. As at that date its liabilities exceeded its assets by US\$ 4,013,790. These condition indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

## 18. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 March 2017.

## 19. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.