BRITANNIA AND ASSOCIATES (DUBAI)
PVT COMPANY LIMITED

P O Box 4254, Dubai, UAE

FINANCIAL STATEMENTS

Year ended 31 March 2018

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

INDEX

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Accounts of the Company for the financial year ended 31 March 2018.

ACTIVITIES

The business of the Company is investment holding.

RESULTS

The loss for the year ended is USD 186,982 (previous year loss USD 195,518) which is carried forward to the statement of financial position.

SHAREHOLDER, DIRECTORS AND SECRETARY

The sole shareholder of the Company is Britannia and Associates (Mauritius) Pvt Company Limited.

Directors of the Company are as follows:

1. Mr. Nusli Wadia
2. Mr. Varun Berry
3. Mr. Chandra Kumar Gujadhur

Secretary of the Company is Mr. Vishal Bhimani [previous year Mr. Vishal Bhimani].

AUDITORS

Mahendra Asher & Co., Chartered Accountants, P O Box 4421, Dubai, UAE, have offered themselves for reappointment as Auditors for next year.

For **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED**

VB

DIRECTORS

Dubai

Dated: 29 April 2018

MAHENDRA ASHER & CO.
CHARTERED ACCOUNTANTS
P.O. Box 4421, Dubai, U.A.E.
Tel. : (9714) 2227580
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محاسبون قانونيون
ص.ب: ٤٤٢١، دبي - ا.ع.م.
تليفون: ٩٧١٤-٢٢٢٧٥٨٠
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

Opinion

We have audited the financial statements of **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED ("the Company")**, which comprise the statement of financial position as at 31 March 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements, which indicates that the Company's current liabilities exceed its current assets by USD 14,066,405 at 31 March 2018 (2017: USD 13,879,423) and accumulated loss of USD 3,034,476 at 31 March 2018 (2017: USD 2,847,494) due to which the equity has been fully eroded. As stated in Note 3, these events or conditions, along with other matters as set forth Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter on the footing that there will be continued financial support from the shareholder.

Stand Alone Financial Statements

As stated in Note 1.5, these are stand alone financial statements as per IAS 27. Consolidated financial statements will be separately prepared by the Company.

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CHARTERED ACCOUNTANTS

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but 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, we conclude that there is a material misstatement of this 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 the financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Memorandum and Articles of Association and The Jebel Ali Free Zone Authority Offshore Companies Regulations 2003, 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.

Auditor's 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.

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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We also confirm that proper books of accounts been kept by the Company and these financial statements are consistent with the books of accounts and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit. The Company's financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Memorandum and Articles of Association and The Jebel Ali Free Zone Authority Offshore Companies Regulations 2003

For **MAHENDRA ASHER & CO.**
M K Asher (Registration No. 76)
Dubai
Dated : 29 April 2018

MAHENDRA ASHER & CO. P.O.Box: 4421 Dubai - U.A.E. CHARTERED ACCOUNTANTS

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION - AT 31 MARCH 2018

(All figures in USD)

	Notes	2018	2017
ASSETS			
Non-current assets			
Investment in subsidiaries	8	22,283,190	22,283,190
Total non-current assets		22,283,190	22,283,190
Current assets			
Receivables	9	13,000,000	13,000,000
Deposit		681	681
Bank balance	10	77,563	45,260
Total current assets		13,078,244	13,045,941
TOTAL ASSETS		35,361,434	35,329,131
EQUITY AND LIABILITIES			
Equity			
Capital		270	270
Share premium	11	199,730	199,730
Accumulated (loss)		(3,034,476)	(2,847,494)
(Deficit) in equity		(2,834,476)	(2,647,494)
Liabilities			
Non-current liabilities			
Non-current portion of term loan from Holding Company	12	11,051,261	11,051,261
Total non-current liabilities		11,051,261	11,051,261

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION - AT 31 MARCH 2018 - (CONTINUED)

(All figures in USD)

	Notes	2018	2017
Current liabilities			
Payables	13	2,552,771	2,333,486
Due to Holding Company	14	24,591,878	24,591,878
Current portion of term loan from Holding Company	12	-	-
Total current liabilities		27,144,649	26,925,364
Total liabilities		38,195,910	37,976,625
TOTAL EQUITY AND LIABILITIES		35,361,434	35,329,131

The attached Notes 1 to 20 form part of these financial statements.

We have approved these financial statements, and confirm that we are responsible for them including the selection of accounting policies and making judgements underlying them. We also confirm that we have made available all accounting records and information for preparing these financial statements.

Directors have authorised the issue of these financial statements on 29 April 2018

For Independent Auditors' Report, see pages 3 – 6

For **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED**

x VB Varun Berry

DIRECTORS
Dubai

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 MARCH 2018

(All figures in USD)

	Notes	2018	2017
Interest income		296,243	215,982
Interest expense		(435,954)	(363,348)
Other operating expenses	15	(47,271)	(48,152)
(Loss) for the year		(186,982)	(195,518)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(186,982)	(195,518)

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 MARCH 2018

(All figures in USD)

	Capital	Share premium	Accumulated (loss)	Total
Balance at 31 March 2016	270	199,730	(2,651,976)	(2,451,976)
(Loss) for the year	-	-	(195,518)	(195,518)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the year	-	-	(195,518)	(195,518)
Total transactions with owners	-	-	-	-
Balance at 31 March 2017	270	199,730	(2,847,494)	(2,647,494)
(Loss) for the year	-	-	(186,982)	(186,982)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the year	-	-	(186,982)	(186,982)
Total transactions with owners	-	-	-	-
Balance at 31 March 2018	270	199,730	(3,034,476)	(2,834,476)

Capital consists of 100 shares of AED 10 each fully paid.

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF CASH FLOWS - YEAR ENDED 31 MARCH 2018

(All figures in USD)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) for the year		(186,982)	(195,518)
Operating (loss) before working capital changes		(186,982)	(195,518)
Increase in payables		219,285	203,095
Net cash from operating activities		32,303	7,577
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash from/(used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash from/(used in) financing activities		-	-
Net increase in cash and cash equivalents		32,303	7,577
Cash and cash equivalents - beginning of year		45,260	37,683
Cash and cash equivalents - end of year	10	77,563	45,260

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

(All figures in USD)

1 REPORTING ENTITY

1.1 **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED** ("the Company") is a Limited Liability Company formed under Jebel Ali Free Zone Authority Offshore Companies Regulations 2003 vide registration no. OF3003 dated 21 February 2007.

1.2 Registered office address of the Company is P O Box 4254, Dubai, UAE.

1.3 The financial statements are presented in US Dollar (USD) which is the functional currency of the Company.

1.4 The sole shareholder of the Company is Britannia and Associates (Mauritius) Pvt Limited holding 100 shares of AED 10 each. ("Holding Company")

1.5 The financial statements are prepared as stand alone financial statement as per IAS 27. Consolidated financial statement will be separately prepared by the Company.

2 ACTIVITIES

Business of the Company is investment holding.

3 GOING CONCERN

At 31 March 2018 the Company has accumulated losses in the amount of USD 3,034,476 at 31 March 2018 (2017: USD 2,847,494) and its entire share capital is eroded. Further, the Company's current liabilities exceed its current assets by USD 14,066,405 at 31 March 2018 (2017: USD 13,879,423). These factors, amongst others, indicate that the Company will require continuing financial support to meet its financial obligations as they fall due and continue in operation for the foreseeable future.

The management believes that it is appropriate to prepare the financial statements on a going concern basis due to the following:

- Loan funds arranged by the shareholder (Note 12, 13 and 14) to meet working capital requirement.

- The shareholder has confirmed its intention to provide continuing financial support to the Company for as long as required and accordingly, it is appropriate to prepare the financial statements on a going concern basis.

Therefore, management believed in the Company's ability to operate as a going concern and is confident in the Company's ability to settle its debts as and when they fall due.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might be necessary if such additional resources are not available and the Company is unable to continue as a going concern.

4 **APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) MANDATORILY EFFECTIVE FOR THE CURRENT YEAR**

The following amendments to IFRSs issued are mandatorily effective for the current year.

Amendments to IAS 7: *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. Entity shall disclose changes from financing cash flows, changes from obtaining or losing control of subsidiaries or other business, effect of changes in exchange rates, changes in fair values or other changes.

Application of these amendments has no impact on these financial statements.

Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference. Application of these amendments has no impact on these financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale. The application of these amendments has no effect on these financial statements.

5 **APPLICATION OF NEW AND AMENDED IFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE CURRENT YEAR**

* IFRS 9 Financial Instruments (effective 1 January 2018)
* IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
* IFRS 16 Leases (effective from 1 January 2019)
* IFRS 17 Insurance Contracts (effective from 1 January 2021)
* Amendments to IFRS 2 Share-Based Payment re: *Classification and measurement of Share-based transactions* (effective 1 January 2018)
* Amendments to IFRS 10 and IAS 28 *re: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* (effective from date to be notified)
* Amendments to IAS 40 Investment Property *re: Transfers of Investment Property* (effective 1 January 2018)

* Amendments to IFRS 4 Insurance Contracts *re: applying IFRS 9 Financial Instruments* (effective 1 January 2018)

* Annual Improvements to IFRS Standards 2014-2016 Cycle:

* IFRIC 22 Foreign Currency Transactions and Advance Consideration

Changes introduced above are summarised as under :

IFRS 9, 'Financial instruments' contains requirements for (a) classification, measurement and derecognition of financial assets and financial liabilities, (b) introduces new impairment model for financial assets, and (c) rules for hedge accounting.

With respect to classification and measurement of financial assets and liabilities, all recognized financial assets will be measured at either amortised cost or fair value. Specifically,

- debt instruments that are held within a business model whose objective is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost (net of write down for impairment).

- all other debt instruments must be measured at their fair value through profit or loss.

- all equity instruments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the equity investment at fair value through other comprehensive income (but no recycling to profit or loss) with dividend income recognized in profit or loss.

  The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. On initial recognition entities will record expected credit loss on debt securities, loans and receivables either on 12-month or lifetime basis, unless the assets are considered credit impaired.

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanism in IAS 39. However greater flexibility has been introduced to the types of transactions eligible for hedge accounting and the effectiveness test has been overhauled and replaced with the principle of 'economic relationship'. Enhanced disclosure requirements about an entity's risk management activities have been introduced.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will supersede the currents standards on Revenue recognition as prescribed in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Standard introduces a 5 step approach to revenue recognition as under:
-identify the contracts with a customer
-identify the performance obligations in the contract
-determine the transaction price
-allocate the transaction price to performance obligations in the contract
-recognise revenue when, or as, the entity satisfies a performance obligation (that is when control of the goods or services underlying the particular performance obligation is transferred to the customer)

IFRS 16, 'Leases' provides how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets ("right–of-use asset") and liabilities ('lease liability") for all leases (except for low value lease assets or short term leases of 12 months or less). The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, if any. Short-term and low value leases are expensed either over the lease term or another systematic basis.

Lessors continue to classify leases as operating or finance, with IFRS 16's approach being substantially similar to the current version of IAS 17.

IFRS 17, 'Insurance Contracts' is a new standard which provided for the principles of recognition, measurement, presentation and disclosure of insurance contracts. The objective of this Standard to ensure that an entity provides relevant information that faithfully represents those contracts.

Amendments to IFRS 2 Share-Based Payment *re: Classification and measurement of Share-based transactions* provides that in estimating the fair value of a cash-settled- share based-transaction, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled-share- based payments

Amendments to IFRS 10 and IAS 28 *re: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* deal with accounting effects and treatment in situations where there is sale or contribution of assets between an investor and its associate or joint venture. Presently application of this amendment is indefinitely postponed.

Amendments to IAS 40 Investment Property *re: Transfers of Investment Property* clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. Change in use is restricted to completed properties but can extend to properties under construction.

Amendments to IFRS 4 Insurance Contracts *re: applying IFRS 9 Financial Instruments* addresses concern arising from the different effective dates of IFRS 9 and the forthcoming insurance contracts standard.

Annual Improvements to IFRS Standards 2014-2016 Cycle relate to

- ***IFRS 1 First Time Adoption of IFRS***: Deletion of short-term exemptions for first-time adopter

  Amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed.

- ***IAS 28 Investments in Associates and Joint Venture***: Measuring an associate or joint venture at fair value

  Amendments clarify that the option for a venture capital organisation and similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

IFRIC 22 Foreign Currency Transactions and Advance Consideration addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense, or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e,g. non-refundable deposit or deferred revenue). The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration, and in case of multiple payments interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

IFRS 9, IFRS 15 and IFRS 16 mentioned above will be applied at the future dates at which time the impact on the financial position or performance of the Company will be evaluated and disclosed.

Management anticipates that the application of the other new and amended IFRSs in the future periods are not expected to have material impact on the financial position or performance of the Company.

6 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Except on stand alone in Note 1.5. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set out below.

(a) Accounting convention

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

(b) Investment in subsidiaries

Subdiaries are all entities (including structured entities) over which the Group has control. The Group has control over an entity when (a) it has power over the entity, (b) it is exposed, or has rights, to variable returns from its involvement with the entity and (c) has the ability to use its power to affect returns. All three of these criteria must be met for the Group to have control over an entity.

Investment in subsidiaries is accounted at cost as per IAS 27 para 10(a), being standalone financial statement.

(c) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(d) Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets, financial liabilities and equity instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial asset or financial liability is recognised initially at fair value plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition of financial asset or issue of financial liability.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends to settle either on a net basis, or realise the asset and settle the liability simultaneously.

The Company derecognises financial assets when the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred to another entity.

The Company derecognises financial liabilities when the obligations are discharged, cancelled or they expire.

Financial assets classification

Financial assets comprise of four categories viz.
(i) financial assets at fair value through profit or loss
(ii) held-to-maturity investments
(iii) loans and receivables, and
(iv) available-for-sale financial assets

Classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Items (i), (ii) and (iv) are not applicable to the Company.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost less any impairment. These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets and include the following items (Notes 9 and 10).

-Receivables and advances- On impairment, provision for doubtful debts is deducted from the receivables. If the receivable is uncollectible it is written off. Provision for impairment and reversals thereof are recognised in profit or loss.

-Cash and cash equivalents comprise of bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities classification

Financial liabilities comprise of two categories viz.
(i) financial liabilities at fair value through profit or loss
(ii) other financial liabilities

Item (i) is not applicable to the Company.

Other financial liabilities are measured at amortised cost. These are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current liabilities and includes term loan from Holding Company payables and due to Holding Company (Notes 12, 13 and 14).

Equity

Capital is classified as equity since it evidences residual interest of the shareholders after deducting liabilities. Dividend paid, if any, is deducted from the equity.

(e) Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets (investment in subsidiaries) are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is recognised in profit or loss.

Financial assets

A financial asset not carried at fair value is considered to be impaired if objective evidence indicates that one or more events (such as significant financial difficulty, delay or default in payment, bankruptcy and other observable data indicators) on the part of the counterparty have adversely impacted on the estimated future cash flows of that financial asset. An impairment loss is recognised in profit or loss. An impairment loss is reversed and recognised in profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment loss, if reflected in an allowance account as in case of loans and receivables, is written off if there is no realistic prospect of recovery. If a write off is recovered in future, the recovery is recognised in profit or loss.

(f) Revenue recognition
Interest income is recognised on effective yield basis.

(g) Foreign currency transactions
Foreign currency transactions are recorded in USD at the approximate rate of exchange prevailing at the time of the transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the end of the reporting period. Gains or losses on exchange are recognised in profit or loss.

(h) Current/Non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when the Company (a) expects to realize the asset, or intends to sell or consume it in its normal operating cycle; (b) holds the asset primarily for the purpose of trading or (c) expects to realize the asset within twelve months after the reporting period, or (d) has the asset as cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when the Company (a) expects to settle a liability in its normal operating cycle or (b) holds the liability primarily for the purpose of trading or (c) is due to settle the liability within twelve months after the reporting period, or (d) does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

7 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the 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 revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained in Note 6.

	2018	2017
8 INVESTMENT IN SUBSIDIARIES		
Balance – beginning/end of the year	22,283,190	22,283,190

Investment made in the following Subsidiary Companies:

Name of the Company	Country of incorporation	Types of shares held	Percentage holding		
Al Sallan Foods Industries SAOC	Oman	Ordinary	65.46% @	272	272
Strategic Foods International Company LLC	UAE	Ordinary	100.00%	12,553,563	12,553,563
Non Reciprocal Contribution To Strategic Foods International Company LLC +	UAE	-	-	5,449,592	5,449,592
Strategic Brands Holding Co. Ltd.	UAE	Ordinary	100.00%	4,279,763	4,279,763
				22,283,190	22,283,190

The directors have reviewed the financial position and the performance of the above subsidiary companies and they are of the opinion that the estimated recoverable amounts of the investments are not less than their carrying amount.

+ This represents amount provided by the Company in the capacity of shareholder, being non reciprocal capital contribution, free of interest, unsecured and repayable entirely at the discretion of the Subsidiary Company.

@ In addition 28.06% held by Khimji family (the previous shareholders) for beneficial interest of the Company as per Shareholders Agreement dated 10 March 2009, effective from 28 June 2009. Balance 6.48% is held by the public.

Following table summarises the financial information of Al Sallan Foods Industries SAOC in their financial statements:

	2018	2017
Summary statement of financial position :		
Non-current assets	5,324,338	5,787,692
Current assets	4,802,518	3,688,862
Total assets	10,126,856	9,476,554
Equity	(5,461,597)	(6,923,670)
Non-current liabilities	8,226,018	9,042,351
Current liabilities	7,362,435	7,357,873
Total equity and liabilities	10,126,856	9,476,554
Equity attributable:		
- To the Holding Company	(5,107,686)	(6,475,016)
- To the non-controlling interest	(353,911)	(448,654)
Summary statement of profit or loss and other comprehensive income :		
Revenue	28,454,319	29,074,550
Other income	51,436	42,645
Profit for the year	1,462,072	805,358
Other comprehensive income	-	-
Total comprehensive income for the year	1,462,072	805,358
Profit attributable:		
- To the Holding Company	1,367,330	753,171
- To the non-controlling interest	94,742	52,187

Following table summarises the financial information of Strategic Foods International Company LLC in their financial statements:

Summary statement of financial position :		
Non-current assets	4,681,667	5,140,667
Current assets	21,566,951	18,457,744
Total assets	26,248,618	23,598,411
Equity	7,954,986	7,612,704
Non-current liabilities	7,722,761	7,626,180
Current liabilities	10,570,871	8,359,527
Total equity and liabilities	26,248,618	23,598,411
Equity attributable:		
- To the Holding Company	7,954,986	7,612,704
- To the non-controlling interest	-	-

Summary statement of profit or loss and other comprehensive income :

	2018	2017
Revenue	54,808,333	53,933,554
Other income	323,257	313,257
Profit for the year	342,282	990,216
Other comprehensive income	-	-
Total comprehensive income for the year	342,282	990,216
Profit attributable:		
- To the Holding Company	342,282	990,216
- To the non-controlling interest	-	-

Following table summarises the financial information of Strategic Brands Holding Co. Ltd. in their financial statements:

Summary statement of financial position :

Non-current assets	-	-
Current assets	681	681
Total assets	681	681
Equity	(109,997)	(100,770)
Non-current liabilities	-	-
Current liabilities	110,678	101,451
Total equity and liabilities	681	681
Equity attributable:		
- To the Holding Company	(109,997)	(100,770)
- To the non-controlling interest	-	-

Summary statement of profit or loss and other comprehensive income :

Revenue	-	-
Other income	-	-
(Loss) for the year	(9,228)	(9,500)
Other comprehensive income	-	-
Total comprehensive (loss) for the year	(9,228)	(9,500)
Profit attributable:		
- To the Holding Company	(9,228)	(9,500)
- To the non-controlling interest	-	-

		2018	2017
9	**RECEIVABLES**		
	Loan to related enterprises +	13,000,000	13,000,000
	+ Represents loan due from		
	Strategic Foods International Co. LLC, Dubai	7,000,000	7,000,000
	Al Sallan Food Industries Co SAOC, Oman	6,000,000	6,000,000
		13,000,000	13,000,000

Interest is accrued on the above loan 2.05% to 2.61% p.a. (previous year 1.33% to 2.05% p.a.).

Other classes within receivables do not include impaired assets.

The maximum amount of credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

10 **BANK BALANCE**

	2018	2017
Cash at bank – current accounts	77,563	45,260

11 **SHARE PREMIUM**

In the financial year ended 2007 the Company issued its share capital at a premium of USD 1,997.30 per share that is USD 199,730.

12 **TERM LOAN FROM HOLDING COMPANY**

	2018	2017
Balance – beginning/end of the year	11,051,261	11,051,261

Above loan received from the Holding Company is unsecured. The said loan will be payable in 7 years in 14 equal instalments commencing from March 2023 (instead of from March 2018). Interest accrued at 1.07% p.a. (previous year 1.07% p.a.).

Term loan from Holding Company repayable is as under	2018	2017
Current portion of loan maturing within one year	-	-
Non-current portion of loan maturing after one year but within 5 years	789,376	7,104,382
Non-current portion of loan maturing after 5 years	10,261,885	3,946,879
	11,051,261	11,051,261

		2018	2017
13	**PAYABLES**		
	Due to a related party *	563,756	506,873
	Holding Company current account	1,929,829	1,764,831
	Accrued expenses	59,186	61,782
		2,552,771	2,333,486

* Represent amount due to Strategic Foods International Company LLC, Dubai.

14	**DUE TO HOLDING COMPANY**		
	Interest free advance +	11,032,083	11,032,083
	Interest bearing advance @	559,795	559,795
	Interest bearing advance @@	13,000,000	13,000,000
		24,591,878	24,591,878

\+ This represents unsecured and interest free loan repayable on demand.

@ Unsecured, interest accrued at 6% p.a. (previous year 6% p.a.)

@@ Unsecured, interest accrued at 2.00% to 2.56% p.a. (previous year 1.28% to 2.00% p.a.).

15	**OTHER OPERATING EXPENSES**		
	Legal and professional fees	40,590	41,680
	Other expenses	6,681	6,472
		47,271	48,152

16 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with related parties as defined in International Accounting Standard 24. Significant transactions with related parties are as under:

	2018	2017
Holding Company		
Interest expense	435,954	363,348
Subsidiaries		
Interest income	296,243	215,982

Terms of these transactions are approved by the Company's management.

Amount outstanding (Notes 9, 12, 13 and 14) are unsecured and will be settled in the normal course of business.

17 FINANCIAL INSTRUMENTS-RISK MANAGEMENT

The Company's activities are subject to variety of financial risks: market risk (principally currency risks and interest rate risks), credit risk and liquidity risk. The Company seeks to minimise the potential adverse effects of these risks on the financial performance.

(a) **Market risk**

Currency risks

Substantial portion of the transactions are designated in USD and in AED whose rate is fixed to USD; hence, there is no material exchange rate risk.

At the end of the reporting period, since there was no material exposure to currencies other than USD currencies, profit for the year is not materially sensitive to currency risks.

Interest rate risk

For interest received on term loan to subsidiaries, see Note 9. At the end of the reporting period if the interest rate on such assets increased/decreased by 1% with all other variables held constant loss for the year would have been lower/higher by USD 130,000 (previous year loss would have been lower/higher by USD 130,000).

For interest paid on long term loan and other advances from Holding Company, see Notes 12 and 14. At the end of the reporting period, if the interest rate on such liabilities is increased/decreased by 1%, with all other variables held constant, loss for the year would have been higher/lower by USD 246,110 (previous year loss would have been higher/lower by USD 246,110).

(b) Credit risk

Financial assets which potentially subject the Company to concentration of credit risk consist principally of bank balances and receivable from related enterprises. Bank balances are with regulated financial institutions. Amount due from related enterprises based in UAE and Oman and the same is considered recoverable by the management in the ordinary course of business.

(c) Liquidity risks

Liquidity management implies generating adequate cash from operations to meet the Company's liabilities, and availability of funding through committed credit facilities and own sources. The table below analyses the Company's financial liabilities based on the remaining year at the end of the reporting period to the contracted maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	< than 6 months	>6 months and <1 year	>1 year and <5 years	>5 years
At 31 March 2018				
Payables	2,552,771	-	-	-
Due to Holding Company	12,295,939	12,295,939	-	-
Term loan from Holding Company	-	-	789,376	10,261,885
At 31 March 2017				
Payables	2,333,486	-	-	-
Due to Holding Company	12,295,939	12,295,939	-	-
Term loan from Holding Company	-	-	7,104,382	3,946,879

(d) Fair values

At the end of the reporting period, the carrying amounts of financial assets and financial liabilities approximated their fair values.

18 CAPITAL RISK MANAGEMENT

The Company's objective is to maintain healthy capital ratios to support its business and provide adequate returns to the owners and other stakeholders.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as Net debt ÷ Total own funds. Net debt is calculated as total liabilities less bank balance. Total own funds comprise of capital, share premium less accumulated loss.

The gearing ratio at the end of the reporting period were as under (not meaningful in view of deficit in equity) :

	2018	2017
Total liabilities	38,195,910	37,976,625
Less : Bank balance	(77,563)	(45,260)
Net debt	38,118,347	37,931,365
(Deficit) in equity	(2,834,476)	(2,647,494)
Gearing ratio	Not meaningful	Not meaningful
of the total liabilities, % owed to Holdings Company	98.37%	98.62%

19 CONTINGENCIES AND COMMITMENTS Nil Nil

20 PREVIOUS YEAR'S FIGURES

Figures of the previous year have been regrouped/reclassified whenever necessary to conform the current year's presentation.

For Independent Auditors' Report, see pages 3 – 6