Strategic Brands Holding Company Limited

Financial statements
31 March 2018

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KPMG

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Independent Auditors' Report

To the Shareholders of Strategic Brands Holding Company limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Strategic Brands Holding Company limited ("the Company"), which comprise the statement of financial position as at 31 March 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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 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 2 of the financial statements, which indicates that the Company incurred a loss of USD 9,227 for the year ended 31 March 2018 and had net liabilities of USD 109,997 and accumulated losses of USD 110,267 as at that date. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

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 IFRS 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 auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' 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 auditors' 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.

Report on Legal and Regulatory Requirements

Further, as required by the provisions of Jebel Ali Free Zone Authority Offshore Companies Regulations 2003, we report that:

- proper accounting records have been kept by the Company
- the Company's accounts are in agreement with the accounting records and returns.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 14 MAY 2018

Strategic Brands Holding Company Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 March 2018

	Note	**2018 USD**	2017 USD
Administrative and general expenses	*5*	**(8,446)**	(8,719)
Finance expense	*6*	**(781)**	(781)
Loss for the year		**(9,227)**	(9,500)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(9,227)**	(9,500)

The notes on pages 9 to 17 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 4.

Strategic Brands Holding Company Limited

Statement of financial position
at 31 March 2018

	Note	2018 USD	2017 USD
Current assets			
Other receivables	7	**681**	681
		681	681
Current liabilities			
Other payables	8	**5,884**	8,610
Due to related parties	9	**104,794**	92,841
		110,678	101,451
Net liabilities		**(109,997)**	(100,770)
Represented by:			
Share capital	10	**270**	270
Accumulated losses		**(110,267)**	(101,040)
		(109,997)	(100,770)

The notes on pages 9 to 17 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 14 MAY 2018

Director

Director

The independent auditors' report is set out on pages 1 to 4.

Strategic Brands Holding Company Limited

Statement of cash flows
for the year ended 31 March 2018

	2018 USD	2017 USD
Operating activities		
Loss for the year	**(9,227)**	(9,500)
Adjustments for:		
Interest expense	**781**	781
Operating loss before working capital changes	**(8,446)**	(8,719)
Change in other payables	**(2,726)**	2,998
Change in due to related parties	**11,172**	5,721
Net cash from operating activities	-	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The notes on pages 9 to 17 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 4.

Strategic Brands Holding Company Limited

Statement of changes in equity
for the year ended 31 March 2018

	Share capital USD	Accumulated losses USD	Total USD
Balance at 1 April 2016	270	(91,540)	(91,270)
Loss for the year	-	(9,500)	(9,500)
Total comprehensive loss for the year	-	(9,500)	(9,500)
At 31 March 2017	270	(101,040)	(100,770)
Balance at 1 April 2017	270	(101,040)	(100,770)
Loss for the year	-	(9,227)	(9,227)
Total comprehensive loss for the year	-	(9,227)	(9,227)
At 31 March 2018	**270**	**(110,267)**	**(109,997)**

The notes on pages 9 to 17 are an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Reporting entity

Strategic Brands Holding Company Limited ("the Company") is a limited liability company formed under Jebel Ali Free Zone Authority Offshore Companies Regulations 2003 vide registration no. OF2998 dated 20th February 2007.

The Company's registered office address is PO Box 4421, Dubai, United Arab Emirates.

The Company's registered activities are:

- To invest in properties in the master communities of Nakeel and Emaar and / or in any other approved properties by Jebel Ali Offshore Department in future in UAE and / or any other approved country;
- To invest in shares (private equity and / or listed shares) of any company and;
- To engage in any other lawful act or activity.

The Company is wholly owned by Britannia and Associates (Dubai) Pvt Limited ("The Holding Company").

2 Basis of preparation

Going concern

These financial statements have been prepared on the going concern basis notwithstanding the fact that the Company incurred a loss of USD 9,227 for the year ended 31 March 2018 (*2017: USD 9,500*) and had net liabilities of USD 109,997 *(2017: USD 100,770)* and accumulated losses of USD 110,267 (*2017: USD 101,040*) as at that date. The continuation of the Company's operations is dependent upon the continued financial support of the Holding Company to meet its future obligations as they fall due. The Holding Company has provided an undertaking that they will provide or arrange such financial support as would be necessary to enable the Company to meet its future obligations as they fall due. Should the Company be unable to continue as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts and provide for any liabilities which might arise.

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the requirements of Jebel Ali Free Zone Authority Offshore Companies Implementing Regulations 2003.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant accounting policies which require estimation and critical judgment by the management.

3 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

Financial instruments

The Company classifies non-derivative financial assets into following category: loans and receivables.

Non-derivative financial assets and liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

The Company has the following non-derivative financial assets.

Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise other receivables.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company has the following other financial liabilities: other payables and due to related parties.

3 Significant accounting policies *(continued)*

Impairment

Financial assets

Financial assets not classified as fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of active market for a security or observable data indicating that there is measureable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historic trends.

An impairment loss 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. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of assets, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit and loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, other than inventories, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. An impairment loss is recognised if the carrying amount of an asset or cash generated unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3 Significant accounting policies *(continued)*

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Finance expense

Finance expense comprises interest expense on due to a related party. All borrowing costs are recognised in profit or loss using the effective interest method.

New standards and interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 with earlier application permitted. The Company does not plan to adopt these standards early. The new standards which may be relevant to the Company are set out below.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for financial assets.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs which result from all possible default events over the expected life of a financial instrument.

3 Significant accounting policies *(continued)*

New standard and interpretations not yet effective *(continued)*

IFRS 9 Financial Instruments (continued)

Impairment (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Company has a choice to also apply this policy for trade receivables and contract assets with a significant financing component.

The estimated ECL will be calculated based on actual credit loss experience. The Company will perform the calculation of ECL rates separately for different types of customers including related parties. Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Company's view of economic conditions over the expected lives of the receivables and related party balances.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Sales of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the Company's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

The Company does not expect the application of IFRS 9 and IFRS 15 to have a significant impact on its financial statements. The actual impacts of adopting these standards at 1 January 2018 may change because:

- these standards will require the Company to revise its accounting policies and internal controls and these changes are not yet complete;
- the Company is also refining and finalizing its model for expected credit loss calculations; and
- the new accounting policies, assumptions, judgement and estimation techniques employed are subject to change until the Company finalizes its first financial statements that includes the date of initial application.

3 Significant accounting policies *(continued)*

New standard and interpretations not yet effective *(continued)*

IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Application of this standard would not have a significant impact on the Company's financial statements as at 31 March 2018.

4 Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to other payables and related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company is not exposed to any significant currency risk, as majority of its transactions are denominated in USD which is the Company's functional currency.

4 Financial risk management *(continued)*

Market rate risk *(continued)*

Interest rate risk

Interest rate risk is the risk that value of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk on the Company's liabilities, mainly pertains to loan from a related party and is based on commercial rates.

Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. The Board of Directors monitor the return on capital through operating cash flow management.

5 Administrative and general expenses

	2018 USD	2017 USD
Legal and professional fee (refer note 9)	**8,446**	8,719

6 Finance expense

	2018 USD	2017 USD
Interest expense on due to a related party (refer note 9)	**781**	781

7 Other receivables

	2018 USD	2017 USD
Other receivables and prepayments	**681**	681

8 Other payables

	2018 USD	2017 USD
Other payables and accruals	**5,884**	8,610

9 Related parties transactions and balances

The Company, in the normal course of business, enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard 24. Related party transactions are entered at mutually agreed terms.

Significant transactions with related parties included in the financial statements are as follows:

	2018 USD	2017 USD
Expense recharged by a related party (refer note 5)	**8,446**	8,719
Interest expenses on due a related party (refer note 6)	**781**	781

9 Related parties transactions and balances *(continued)*

	2018 USD	2017 USD
Due to related parties		
Strategic Foods International Co. LLC	**84,065**	72,893
Britannia and Associates Mauritius Pvt. Limited*	**20,729**	19,948
	104,794	92,841

*The amount pertains to loan taken which carries interest at a fixed rate.

10 Share capital

	2018 USD	2017 USD
Issued and fully paid up:		
100 ordinary shares of AED 10 each	**270**	270

11 Contingent liabilities and capital commitments

There are no contingent liabilities and capital commitments as at 31 March 2018 *(2017: Nil)*.

12 Financial instruments

Financial assets of the Company comprise of other receivables. Financial liabilities of the Company include other payables and due to related parties. Accounting policies for financial assets and financial liabilities are set out in note 3.

(a) Credit risk

Exposure to credit risk

There is no credit risk as at year end as other receivables comprise of prepayments.

(b) Liquidity risk

Financial liabilities which include other payables and due to related parties are payable within the next 6 months.

(c) Market risk

Currency risk

There are no significant currency risk as substantially all transactions are denominated in the functional currency (USD).

12 Financial instruments *(continued)*

(c) Market risk *(continued)*

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2018	2017
	USD	USD
Fixed rate instruments		
Due to a related party	**20,729**	19,948

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial instruments at fair value through statement of comprehensive income. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(d) Fair values

The fair value of the Company's financial assets and liabilities approximates their carrying amounts.