Strategic Brands Holding Company Limited

Financial statements

31 March 2020

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KPMG Lower Gulf Limited
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Independent Auditors' Report

To the Shareholder 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 2020, the statements of profit or loss and other comprehensive income, cash flows and changes in equity 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 2020, 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.

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 their preparation in accordance with the applicable provisions of the Jebel Ali Free Zone Offshore Companies Regulations 2018, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

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.

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.

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

- 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 Other Legal and Regulatory Requirements

We further report that the financial statements have been prepared, in all material respects, in accordance with the Jebel Ali Free Zone Offshore Companies Regulations 2018.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 31 May 2020

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Strategic Brands Holding Company Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2020

	Note	**2020 USD**	2019 USD
Administrative and general expenses	*5*	**(9,019)**	(6,596)
Finance costs	*6*	-	(713)
Other income	*7*	**14,891**	112,115
Profit for the year		**5,872**	104,806
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**5,872**	104,806

The notes on pages 8 to 15 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

Strategic Brands Holding Company Limited

Statement of financial position

at 31 March 2020

	Note	2020 USD	2019 USD
Current assets			
Other receivables	8	**681**	681
		681	681
Current liabilities			
Other payables	9	**-**	5,872
Net current assets / (liabilities)		**681**	(5,191)
Net assets / (liabilities)		**681**	(5,191)
Represented by:			
Share capital	10	**270**	270
Retained earnings / (accumulated losses)		**411**	(5,461)
		681	(5,191)

The notes on pages 8 to 15 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 31 MAY 2020

Director

Director

The independent auditors' report is set out on pages 1 to 3.

Strategic Brands Holding Company Limited

Statement of cash flows

for the year ended 31 March 2020

	2020 USD	2019 USD
Operating activities		
Profit for the year	**5,872**	104,806
Adjustment for:		
Interest expense (refer note 6)	-	713
Write-back of accruals (refer note 9)	**(5,872)**	-
	-	105,519
Change in other payables	-	(12)
Change in due to related parties	-	(105,507)
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 8 to 15 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 to 3.

Strategic Brands Holding Company Limited

Statement of changes in equity
for the year ended 31 March 2020

	Share capital USD	Retained earnings / (accumulated losses) USD	Total USD
Balance at 1 April 2018	270	(110,267)	(109,997)
Profit for the year	-	104,806	104,806
Total comprehensive income for the year	-	104,806	104,806
At 31 March 2019	270	(5,461)	(5,191)
Balance at 1 April 2019	270	(5,461)	(5,191)
Profit for the year	-	5,872	5,872
Total comprehensive income for the year	-	5,872	5,872
At 31 March 2020	**270**	**411**	**681**

The notes on pages 8 to 15 are an integral part of these financial statements.

Strategic Brands Holding Company Limited

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 ("JAFZA") Offshore Companies Regulations 2003 (replaced and repealed with JAFZA Offshore Companies Regulations 2018) vide registration no. OF2998 dated 20 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 Nakheel and Emaar and / or in other approved properties by Jebel Ali Offshore Department in the future in UAE and / or 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").

The Company's Ultimate Holding Company is The Bombay Burmah Trading Corporation Limited, a company registered, and listed on the National Stock Exchange and the Bombay Stock Exchange, in India.

2. **Basis of preparation**

Going concern

These financial statements have been prepared on the going concern basis notwithstanding the fact that the Company has generated a net profit of USD 5,872 for the year ended 31 March 2020 *(2019: USD 104,806)*, has net assets of USD 681 *(2019: net liabilities of USD 5,191)* and has retained earnings of USD 411 *(2019: accumulated losses of USD 5,461)* as at that date. The Company has not undertaken any commercially viable business activity during the year ended 31 March 2020 *(2019: Nil)* and 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") as issued by International Accounting Standards Board ("IASB") and the requirements of JAFZA Offshore Companies Regulations 2018.

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(a). Change in accounting policies

The Company applied IFRS 16 *Leases* with effect from 1 April 2019. The adoption of these new standards does not significantly impact these financial statements, except for the presentation and disclosures. The nature and effect of change is disclosed below.

The Company applied IFRS 16 using the modified retrospective approach, accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Based on the management's assessment, the application of IFRS 16 has no impact on the financial statements of the Company, as the Company does not have any lease arrangements which are covered under the scope of IFRS 16 during the current year or covered under IAS 17 during the comparative period.

3(b). Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company entities except for the changes in accounting policy for leases (refer note 3(a)), as a result of adoption of IFRS 16.

Financial instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets *– Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3(b). Significant accounting policies

Financial instruments *(continued)*

Classification and subsequent measurement *(continued)*

Financial assets *(continued)*

Financial assets *– Assessment whether contractual cash flows are solely payments of principal and interest (continued)*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets *– Subsequent measurement and gains and losses*

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities *– Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3(b). Significant accounting policies *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

Financial liabilities (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

Impairment

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss ("FVTPL") is assessed at each reporting date to determine whether there is objective evidence of impairment.

The Group measures loss allowances for its financial assets measured at amortised cost at an amount equal to lifetime expected credit losses ("ECLs"). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Financial assets measured at amortised cost

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or debtor;
- A breach of contract (such as a default); the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- It is probable that the borrower or debtor will enter bankruptcy or other financial reorganisation.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are assessed for related party receivables, cash at banks, refundable deposits and certain other receivables and are presented separately in the consolidated statement of profit or loss and comprehensive income.

Assets that are individually significant are tested individually whereas others are grouped together with financial assets of similar credit risk characteristics and assessed collectively.

Impairment loss is reversed if the reversal can be objectively related to an event that have occurred after the impairment loss was recognised. For financial assets that are measured at amortised cost, the reversal is recognised in profit or loss account.

3(b). Significant accounting policies *(continued)*

Impairment *(continued)*

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, 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.

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 costs

Finance costs 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, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements in the period of initial application:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (amendments to IFRS 3); and
- Definition of Material (amendments to IAS 1 and IAS 8).

4. Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- 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.

4. Financial risk management *(continued)*

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.

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 pertained to loan from a related party and was 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

	2020 USD	2019 USD
Legal and professional fee (refer note 11)	**9,019**	6,596

6. Finance costs

	2020 USD	2019 USD
Interest expense on balance due to a related party (refer note 11)	**-**	713

7. Other income

	2020 USD	2019 USD
Write back of balance due to related parties (refer note 11)	**9,019**	112,115
Write-back of accruals (refer note 9)	**5,872**	-
	14,891	112,115

8. Other receivables

	2020 USD	2019 USD
Other receivables and prepayments	**681**	681

9. Other payables

	2020 USD	2019 USD
Other payables and accruals (refer note below)	-	5,872

* During the current year, an accrual amounting to AED 5,872 *(2019: Nil)* has been written back to profit or loss for the year.

10. Share capital

	2020 USD	2019 USD
Issued and fully paid up:		
100 ordinary shares of AED 10 each (1 USD = AED 3.7037)	**270**	270

11. Related party 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:

	2020 USD	2019 USD
Expense incurred by a related party on behalf of the Company (refer note 5)	**9,019**	6,596
Interest expense on balance due to a related party (refer note 6 and (ii) below))	-	713
Write back of balance due to related parties (refer note 7 and (i) below))	**9,019**	112,115

(i) During the current year, balance amounting to USD 9,019 *(2019: USD 112,115)* due to a related party, Strategic Foods International Co. LLC *(2019: Strategic Foods International Co. LLC and Britannia and Associates Mauritius Pvt. Limited)*, has been written back to profit or loss for the year, due to waive-off of the outstanding balance by the related party.

(ii) The amount pertained to loan taken which carried interest at a fixed rate.

12. Contingent liabilities and capital commitments

There are no contingent liabilities and capital commitments as at 31 March 2020 *(2019: Nil)*.

13. 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(b).

(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 includes other payables *(2019: other payables and due to related parties)* are payable within the next 12 months *(2019: 12 months)*.

(c) Market risk

Currency risk

There is no significant currency risk *(2019: Nil)* as substantially all transactions are denominated in the functional currency (USD) or currencies pegged to USD.

Interest rate risk

At the reporting date the Company does not have any interest-bearing financial asset or liability *(2019: Nil)*.

(d) Fair values

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

14. Subsequent events

On 11 March 2020, the World Health Organisation has declared COVID-19 as a pandemic. Escalation of COVID-19 has the potential to impact the global economic growth and business developments. Subsequent to the yearend, many countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Company's business activities, is subject to levels of uncertainty, with the full range of possible effects unknown on the date of the approval of the Company's financial statements for the year ended 31 March 2020.