

# **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

**Financial statements and independent auditor's report  
Year ended 31 March 2018**

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

Financial statements and independent auditor's report  
Year ended 31 March 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **UNIQUE PHARMACEUTICAL LABORATORIES FZE** (the "Establishment"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other 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 give a true and fair view of the financial position of the Establishment as at 31 March 2018, and of 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 (c) in the financial statements that these financial statements are the separate financial statements of the Establishment. The consolidated financial statements of the Establishment and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: 'Consolidated Financial Statements', are presented separately.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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.

*continued...*

## **INDEPENDENT AUDITOR'S REPORT**

(continued)

In preparing the financial statements, management is responsible for assessing the Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment'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 Establishment'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 Establishment'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 Establishment to cease to continue as a going concern.

*continued...*

**INDEPENDENT AUDITOR'S REPORT**

(continued)

- 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 a true and fair view.

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 confirm that the financial statements comply with Jebel Ali Free Zone Companies Implementing Regulations 2016. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulations.

**PKF**

**PKF**

Dubai

United Arab Emirates

20 May 2018

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 AED	2017 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	--	45,286
Intangible assets	7	--	4,667
Investment in subsidiary	8	46,806,907	46,806,907
Non-current financial assets	9	975,951	861,659
		<u>47,782,858</u>	<u>47,718,519</u>
<b>Current assets</b>			
Trade and other receivables	10	29,995,409	34,718,846
Cash and cash equivalents	11	244,159	984,031
		<u>30,239,568</u>	<u>35,702,877</u>
<b>Total assets</b>		<u>78,022,426</u>	<u>83,421,396</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity funds</b>			
Share capital	12	51,885,000	51,885,000
Retained earnings		1,139,245	1,361,465
<b>Total shareholder's funds</b>		<u>53,024,245</u>	<u>53,246,465</u>
<b>Non-current liabilities</b>			
Provision for staff end-of-service benefits	13	255,879	193,630
<b>Current liabilities</b>			
Short-term borrowings	14	462,649	--
Trade and other payables	15	24,206,253	29,907,901
Amount due to a related party	16	73,400	73,400
		<u>24,742,302</u>	<u>29,981,301</u>
<b>Total liabilities</b>		<u>24,998,181</u>	<u>30,174,931</u>
<b>Total equity and liabilities</b>		<u>78,022,426</u>	<u>83,421,396</u>

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

The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the shareholder on 13 May 2018 and signed on their behalf by Mr. Sandeep Nasa.

For **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

MANAGER

*Sandeep Nasa*

*BN*

## UNIQUE PHARMACEUTICAL LABORATORIES FZE

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 AED	2017 AED
<b>Revenue</b>		<b>32,889,137</b>	46,069,745
Purchases of inventory (including direct expenses)		<b>(18,403,602)</b>	(31,180,408)
Gross profit		<b>14,485,535</b>	14,889,337
Other operating income	18	<b>239,837</b>	1,988,515
Staff costs	19	<b>(1,716,911)</b>	(1,446,094)
Depreciation and amortisation	20	<b>(32,557)</b>	(35,579)
Other operating expenses	21	<b>(13,080,236)</b>	(12,050,718)
Finance costs	22	<b>(117,888)</b>	(138,918)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(222,220)</b>	3,206,543
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		<b>--</b>	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(222,220)</b>	3,206,543

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 1 to 3.

## UNIQUE PHARMACEUTICAL LABORATORIES FZE

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Retained earnings/ (accumulated losses)	Total
	AED	AED	AED
Balance as at 1 April 2016	51,885,000	(1,845,078)	50,039,922
Total comprehensive income for the year	--	3,206,543	3,206,543
Balance at 31 March 2017	51,885,000	1,361,465	53,246,465
Total comprehensive income for the year	--	(222,220)	(222,220)
Balance at 31 March 2018	<b>51,885,000</b>	<b>1,139,245</b>	<b>53,024,245</b>

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

The report of the independent auditor is set forth on pages 1 to 3.



# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 AED	2017 AED
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(222,220)	3,206,543
Adjustments for:		
Depreciation of property, plant and equipment	28,707	31,371
Amortisation of intangible assets	3,850	4,208
Finance costs	117,888	138,918
Provision for staff end-of-service benefits	67,181	65,010
Unrealised exchange gains (net)	(114,292)	(91,968)
Property, plant and equipment written off (net)	10,625	--
Credit balances written back	(239,837)	--
Loss on disposal of property, plant and equipment (net)	454	--
Intangible assets written off (net)	817	--
	<u>(346,827)</u>	<u>3,354,082</u>
Decrease/(increase) in trade and other receivables	4,723,437	(9,822,254)
(Decrease)/increase in trade and other payables	(5,461,811)	17,456,702
Staff end-of service benefits paid	(4,932)	--
Cash (used in)/generated from operations	<u>(1,090,133)</u>	<u>10,988,530</u>
Interest paid	(117,888)	(138,918)
Net cash (used in)/from operating activities	<u>(1,208,021)</u>	<u>10,849,612</u>
<b>Cash flows from investing activities</b>		
Proceeds on disposals of property, plant and equipment	5,500	--
Net cash from investing activities	<u>5,500</u>	<u>--</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,202,521)</b>	<b>10,849,612</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>984,031</b>	<b>(9,865,581)</b>
<b>Cash and cash equivalents at end of year</b>	<b>(218,490)</b>	<b>984,031</b>
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents (note 11)	244,159	984,031
Bank overdraft (note 14)	(462,649)	--
	<u>(218,490)</u>	<u>984,031</u>

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

The report of the independent auditor is set forth on pages 1 to 3.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **UNIQUE PHARMACEUTICAL LABORATORIES FZE** (the "Establishment") is a free zone establishment with limited liability incorporated in Dubai, United Arab Emirates in accordance with the Implementing Regulation No. 1/92 issued pursuant to Law No. 9 of 1992 (repealed by Jebel Ali Free Zone Companies Implementing Regulations 2016). The registered office is Office No 1116, Business Centres World Building, 11th Floor, JAFZA One, Jebel Ali Free Zone, P.O Box: 262327, Dubai, United Arab Emirates. The Establishment was registered on 10 December 2013 and commenced operations from 1 April 2014.
- b) The Establishment trades in medicines.
- c) These financial statements are the separate financial statements of the Establishment. The consolidated financial statement of the Establishment and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: 'Consolidated Financial Statements', are presented separately.
- d) The parent and ultimate parent company is J.B. Chemicals and Pharmaceuticals Limited, a public limited company registered in India.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2017, and the requirements of Jebel Ali Free Zone Companies Implementing Regulations 2016.

#### b) Basis of measurement

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Going concern

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

### d) **Adoption of new International Financial Reporting Standards**

#### *Standards and interpretations effective for the current year*

The International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the Establishment are as follows:

- **Amendments to IAS 7 Disclosure Initiative**  
The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

#### *New and revised IFRSs in issue but not yet effective*

The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- **IFRS 9: Financial instruments (1 January 2018)**  
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.
- **IFRS 15: Revenue from Contracts with Customers (1 January 2018)**  
The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.
- **IFRS 16: Leases (1 January 2019)**  
IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short-term leases (for a period of twelve months or less) and b) Leases of low value assets.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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e) **Functional and presentation currency**

The Establishment's functional currency is US Dollars. However, the financial statements are presented in UAE Dirhams ("AED") being the currency of country of domicile. Amounts in US Dollars are translated to AED Dirhams using the exchange rate of USD 1 = AED 3.67.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	4 years
Furniture, fixtures and office equipment	4 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Intangible assets**

*Computer software*

Computer software is stated at cost less accumulated amortisation and impairment losses. The amount paid for the computer software is amortised using the straight-line method over its estimated useful lives over four years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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c) **Investment in subsidiaries**

Subsidiaries are entities over which the Establishment exercises control. Control is achieved when the Establishment is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiary is accounted for at cost less impairment losses, if any. The financial statements of the subsidiary company are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company, which comply with the Indian Accounting Standards.

d) **Staff end-of-service benefits**

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

e) **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Establishment and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

***Sale of goods***

The sales are high sea sales, i.e. the supplier ships goods directly to the customers, revenue is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer and is based on amount invoiced to customers for high sea sales made during the year.

f) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

g) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### h) **Provisions**

A provision is recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

### i) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), will be charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person in the UAE. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax period/s and deposit the same within the prescribed due dates of filing VAT return and tax payment.

### j) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

#### ***Financial assets***

##### ***Loans and receivables***

###### ***Non-current receivables***

Non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise non-current loans receivable are classified as loans and receivables and stated at amortised cost using the effective interest method.

###### ***Trade and other receivables***

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### *Cash and cash equivalents*

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value net of temporary bank overdrafts.

### **Financial liabilities**

#### **At amortised cost**

##### *Trade and other payables*

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

##### *Related party payables*

Related party payable is stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

##### *Interest-bearing liabilities*

Interest-bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

### **Equity**

Equity instrument issued by the Establishment are recorded at the value of proceeds received towards interest in share capital of the Establishment.

### **Impairment of financial assets**

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### k) **Fair value measurement**

The Establishment discloses the fair value of financial instruments measured at amortised cost.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### 4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets, non-current financial assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

#### 5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

##### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.



# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the Establishment either from third parties (see note 10) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

### Impairment

Assessments of net recoverable amounts of property, plant, equipment, intangible assets, non-current financial assets and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

### Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 255,879 (previous period AED 193,630), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Total
	AED	AED	AED
<b>Cost</b>			
At 1 April 2016 and 31 March 2017	57,500	67,985	125,485
Disposals	--	(47,210)	(47,210)
Assets written off	(57,500)	(20,775)	(78,275)
At 31 March 2018	--	--	--
<b>Accumulated depreciation</b>			
At 1 April 2016	22,724	26,104	48,828
Depreciation for the year	14,375	16,996	31,371
At 31 March 2017	37,099	43,100	80,199
Depreciation for the year	13,154	15,553	28,707
Adjustment on disposals	--	(41,256)	(41,256)
Adjustment on assets written off	(50,253)	(17,397)	(67,650)
At 31 March 2018	--	--	--
<b>Carrying amount</b>			
At 1 April 2016	34,776	41,881	76,657
At 31 March 2017	20,401	24,885	45,286
At 31 March 2018	--	--	--

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 7. INTANGIBLE ASSETS

	<b>Computer software AED</b>
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	16,831
Write off	(16,831)
At 31 March 2018	<u>          --</u>
<b>Accumulated amortisation</b>	
At 1 April 2016	7,956
Amortisation	4,208
At 31 March 2017	12,164
Amortisation	3,850
Adjustment on write-off	(16,014)
At 31 March 2018	<u>          --</u>
<b>Carrying amount</b>	
At 1 April 2016	8,875
At 31 March 2017	4,667
At 31 March 2018	<u>          --</u>

	<b>2018 AED</b>	2017 AED
<b>8. INVESTMENT IN SUBSIDIARY</b>		
Interest in share capital at cost in Biotech Laboratories (PTY) LTD		
4,302,020 unquoted equity shares of Rand (R) 0.001 each <sup>(a)</sup>	<b>45,443,454</b>	45,443,454
175,591 non-redeemable convertible preference shares of Rand (R) 0.001 each (100% of issued preference shares)	<b>1,363,453</b>	1,363,453
	<u><b>46,806,907</b></u>	<u>46,806,907</u>

(a) The nature of investment in subsidiary held by the Establishment is as follows:

Name of subsidiary	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest	
			2018	2017
Biotech Laboratories (PTY) LTD	Pharmaceutical trading	Republic of South Africa	95.05	95.05

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 9. NON-CURRENT FINANCIAL ASSETS

This represents interest free long-term loan of AED 975,951 (denominated in Rand (R) 3,150,000) given to subsidiary, Biotech Laboratories (PTY) LTD, incorporated in Republic of South Africa, without any fixed repayment schedule.

A reconciliation of the movements in the long-term loan is as follows:

	<b>2018</b>	2017
	<b>AED</b>	AED
Opening balance	<b>861,659</b>	769,691
Unrealised exchange gains	<b>114,292</b>	91,968
Closing balance	<b>975,951</b>	861,659

### 10. TRADE AND OTHER RECEIVABLES

Trade receivables	<b>28,232,406</b>	34,648,855
Advances	<b>1,674,970</b>	--
Prepayments	<b>56,085</b>	41,274
Deposits	<b>30,826</b>	28,717
Other receivables	<b>1,122</b>	--
	<b>29,995,409</b>	34,718,846

An age analysis of trade receivables that are past due but not impaired is as follows:

0-60 days	<b>2,742,876</b>	6,826,416
61-90 days	<b>1,284,366</b>	4,820,454
91-120 days	<b>1,732,658</b>	5,027,099
Over 120 days	<b>8,287,069</b>	10,014,756

At the reporting date, there were no trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery.

Trade receivables not past due and not impaired	<b>14,185,437</b>	7,960,130
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The Establishment does not hold any collateral against trade receivables.

### 11. CASH AND CASH EQUIVALENTS

Cash on hand	<b>1,106</b>	716
Bank balances in current accounts	<b>243,053</b>	983,315
	<b>244,159</b>	984,031

### 12. SHARE CAPITAL

#### Issue and paid up:

51,885,000 shares of AED 1 each held by J.B.

Chemicals & Pharmaceuticals Limited, India	<b>51,885,000</b>	51,885,000
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# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2018 AED	2017 AED
<b>13. PROVISION FOR STAFF END-OF-SERVICE BENEFITS</b>		
Opening balance	193,630	128,620
Provision for the year	67,181	65,010
Paid during the year	(4,932)	--
Closing balance	<u>255,879</u>	<u>193,630</u>
<b>14. SHORT-TERM BORROWINGS</b>		
Bank overdraft from CITI Bank	<u>462,649</u>	--

The borrowings are secured by corporate guarantee of AED 14,680,000 issued by J.B Chemicals & Pharmaceuticals Limited, India, the parent company.

<b>15. TRADE AND OTHER PAYABLES</b>		
Trade payables	22,829,138	28,580,237
Accruals	1,377,115	1,327,664
	<u>24,206,253</u>	<u>29,907,901</u>

The entire trade and other payables are due for payment in one year.

### 16. RELATED PARTIES

The Establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent/ultimate parent company, fellow subsidiaries, directors and the key management personnel.

At the reporting date, significant balances with related parties were as follows:

	Parent/ ultimate parent company AED	Subsidiary AED	Fellow subsidiary AED	Key management personnel AED	Total 2018 AED	Total 2017 AED
Investment in subsidiary	--	46,806,907	--	--	46,806,907	--
	--	46,806,907	--	--	--	46,806,907
Non-current financial assets	--	975,951	--	--	975,951	--
	--	861,659	--	--	--	861,659
Included in trade receivables	--	--	27,532,180	--	27,532,180	--
	--	--	30,646,044	--	--	30,646,044
Included in trade payables	22,795,452	--	15,628	--	22,811,080	--
	27,164,494	--	1,414,028	--	--	28,578,522
Due to a related party	73,400	--	--	--	73,400	--
	73,400	--	--	--	--	73,400
Provision for staff end-of-service benefits	--	--	--	237,280	237,280	--
	--	--	--	182,430	--	182,430
Guarantees received	14,680,000	--	--	--	14,680,000	--
	14,680,000	--	--	--	--	14,680,000

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

All balances are unsecured and are expected to be settled in cash, except for guarantee received from a related party. Repayment and other terms are set out in notes 8, 9 and 23.

Significant transactions with related parties during the year were as follows:

	Parent/ ultimate parent company AED	Fellow subsidiary AED	Key management personnel AED	Total 2018 AED	Total 2017 AED
Revenue	--	22,045,972	--	<b>22,045,972</b>	
	--	30,172,843	--		30,172,843
Purchases	18,392,353	--	--	<b>18,392,353</b>	
	31,249,194	--	--		31,249,194
Marketing expenses	--	11,095,138	--	<b>11,095,138</b>	
	--	10,512,255	--		10,512,255
Staff costs	--	--	1,298,312	<b>1,298,312</b>	
	--	--	1,407,330		1,407,330
Recharge of guarantee commission	73,400	--	--	<b>73,400</b>	
	--	--	--		--

The Establishment also provides funds to/receives funds from related parties as working capital facilities, free of interest.

Certain administrative and marketing related services are availed from related parties, free of cost/agreed rates.

### 17. MANAGEMENT OF CAPITAL

The Establishment's objectives when managing capital are to ensure that the Establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with long-term loan to related party and amount due to a related party. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Establishment is not subject to externally imposed capital requirements.

Funds generated from internal accruals together with funds received from a related party net of funds provided, are retained in the business to limit bank borrowings according to the business requirements and maintain capital at desired levels.

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2018 AED	2017 AED
<b>18. OTHER OPERATING INCOME</b>		
Net exchange gains	--	1,982,043
Credit balances written back	239,837	--
Miscellaneous income	--	6,472
	<u>239,837</u>	<u>1,988,515</u>
<b>19. STAFF COSTS</b>		
Staff salaries and benefits	1,649,730	1,381,084
Staff end-of-service benefits	67,181	65,010
	<u>1,716,911</u>	<u>1,446,094</u>
<b>20. DEPRECIATION AND AMORTISATION</b>		
Depreciation of property, plant and equipment	28,707	31,371
Amortisation of intangible assets	3,850	4,208
	<u>32,557</u>	<u>35,579</u>
<b>21. OTHER OPERATING EXPENSES</b>		
Operating lease expenses	168,335	171,311
Marketing expenses	11,134,040	10,714,747
Sales commission	723,329	885,828
Net exchange losses	108,168	--
Property, plant and equipment written off (net)	10,625	--
Loss on disposals of property, plant and equipment (net)	454	--
Intangible assets written off (net)	817	--
Other expenses	934,468	278,832
	<u>13,080,236</u>	<u>12,050,718</u>
<b>22. FINANCE COSTS</b>		
On bank overdraft	44,488	138,918
Guarantee commission recharged by a related party	73,400	--
	<u>117,888</u>	<u>138,918</u>
<b>23. FINANCIAL INSTRUMENTS</b>		

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At amortised cost	
	2018 AED	2017 AED	2018 AED	2017 AED
Non-current financial assets	975,951	861,659	--	--
Trade and other receivables	28,263,232	34,677,572	--	--
Cash and cash equivalents	244,159	984,031	--	--
Short-term borrowings	--	--	462,649	--
Trade and other payables	--	--	24,074,723	29,624,960
Amount due to a related party	--	--	73,400	73,400
	<u>29,483,342</u>	<u>36,523,262</u>	<u>24,610,772</u>	<u>29,698,360</u>

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year comprise credit risks, liquidity risks and market risks (including currency risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

The Establishment buys and sells goods and services in local and foreign currencies. Exposure to foreign currency transactions is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirham is pegged.

Borrowing facilities are regularly reviewed to ensure that the Establishment obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

### Credit risk

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally non-current loans receivables, bank accounts and trade and other receivables.

The Establishment's bank accounts are placed with high credit quality financial institutions.

Non-current financial assets, trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the Establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2018 AED	2017 AED
<b>Non-current financial assets</b>		
South Africa	<u>975,951</u>	<u>861,659</u>
<b>Trade receivables</b>		
BRICS Countries	<u>28,232,406</u>	<u>34,648,855</u>

# UNIQUE PHARMACEUTICAL LABORATORIES FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

At the reporting date, 98% of trade receivables was due from a related party in Russia (previous year, 88% of trade receivables was due from a related party in Russia).

At the reporting date, there was no significant concentration of credit risk from customers outside the industry in which the Establishment operates.

### Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

	2018 AED	2017 AED
<b>Trade receivables</b>		
Russian Ruble (RUB)	<u>27,532,180</u>	<u>30,646,044</u>
<b>Trade payables</b>		
Russian Ruble (RUB)	<u>14,582,411</u>	<u>19,808,466</u>
<b>Long-term loan to subsidiary</b>		
South African Rand	<u>975,951</u>	<u>861,659</u>

At the reporting date, if the above-mentioned currencies had been weaker or stronger against the Dirham by 1%, profit for the year and equity would have been lower or higher by AED 139,257 (previous year AED 116,992).

### Interest rate risk

Bank borrowings are subject to floating interest rate at levels generally obtained in the UAE or are linked to LIBOR and are therefore exposed to cash flow interest rate risk.

Reasonably possible changes to interest rates at the reporting date are unlikely to have had a significant impact on profit or equity.

### Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values except for long-term loan to subsidiary, which due to its terms, has fair value lower than its carrying value.

For **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

MANAGER

*Sandeep Nair*

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