UNIQUE PHARMACEUTICAL LABORATORIES FZE

Financial statements and independent auditor's report

Year ended 31 March 2019

UNIQUE PHARMACEUTICAL LABORATORIES FZE

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Year ended 31 March 2019

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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 2019, 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 2019, 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.

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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.

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PKF
Accountants &
business advisers

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 gives 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
9 May 2019

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 AED	2018 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	--	--
Intangible assets	7	--	--
Investment in a subsidiary	8	46,806,907	46,806,907
Non-current financial assets	9	798,073	975,951
		47,604,980	47,782,858
Current assets			
Trade and other receivables	10	4,521,169	28,486,202
Other current assets	11	44,982	1,509,207
Cash and cash equivalents	12	171,626	244,159
		4,737,777	30,239,568
Total assets		52,342,757	78,022,426
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	13	51,885,000	51,885,000
(Accumulated losses)/retained earnings		(904,400)	1,139,245
		50,980,600	53,024,245
Non-current liabilities			
Provision for staff end-of-service benefits	14	236,325	255,879
Current liabilities			
Short-term borrowings	15	--	462,649
Trade and other payables	16	1,052,432	24,074,723
Other current liabilities	17	--	131,530
Amount due to a related party	18	73,400	73,400
		1,125,832	24,742,302
Total liabilities		1,362,157	24,998,181
Total equity and liabilities		52,342,757	78,022,426

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.

Approved and authorised for issue by the shareholder on 2 May 2019 and signed on their behalf by Mr. Sandeep Nasa.

For **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

MANAGER

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 AED	2018 AED
Revenue from contracts with customer	20	--	32,889,137
Purchases of inventory (including direct expenses)		--	(18,403,602)
Gross profit		--	14,485,535
Other operating income	21	20,705	239,837
Staff costs	22	(82,505)	(1,716,911)
Depreciation and amortisation	23	--	(32,557)
Other operating expenses	24	(1,863,057)	(13,080,236)
Finance costs	25	(118,788)	(117,888)
LOSS FOR THE YEAR		(2,043,645)	(222,220)
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,043,645)	(222,220)

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 2019

	Share capital	Retained earnings/ (accumulated losses)	Total
	AED	AED	AED
Balance as at 1 April 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	51,885,000	1,139,245	53,024,245
Total comprehensive income for the year	--	(2,043,645)	(2,043,645)
Balance at 31 March 2019	**51,885,000**	**(904,400)**	**50,980,600**

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 2019

	2019 AED	2018 AED
Cash flows from operating activities		
Loss for the year	(2,043,645)	(222,220)
Adjustments for:		
Depreciation of property, plant and equipment	--	28,707
Amortisation of intangible assets	--	3,850
Finance costs	118,788	117,888
Provision for staff end-of-service benefits	3,394	67,181
Unrealised exchange losses/(gains) (net)	177,878	(114,292)
Property, plant and equipment written off (net)	--	10,625
Credit balances written back	(9,584)	(239,837)
Loss on disposal of property, plant and equipment (net)	--	454
Intangible assets written off (net)	--	817
	(1,753,169)	(346,827)
Changes in:		
- Trade and other receivables	23,965,033	6,191,371
- Other current assets	1,464,225	(1,467,934)
- Trade and other payables	(23,012,707)	(5,310,400)
- Other current liabilities	(131,530)	(151,411)
Staff end-of service benefits paid	(22,948)	(4,932)
Cash generated from/(used in) operations	508,904	(1,090,133)
Interest paid	(118,788)	(117,888)
Net cash from/(used in) operating activities	390,116	(1,208,021)
Cash flows from investing activities		
Proceeds on disposals of property, plant and equipment	--	5,500
Net cash from investing activities	--	5,500
Net increase/ (decrease) in cash and cash equivalents	390,116	(1,202,521)
Cash and cash equivalents at beginning of year	(218,490)	984,031
Cash and cash equivalents at end of year (note 12)	171,626	(218,490)
Cash and cash equivalents comprise		
Cash and cash equivalents (note 12)	171,626	244,159
Bank overdraft (note 15)	--	(462,649)
	171,626	(218,490)

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.

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. However, the Establishment has not carried out any activity during the year.

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 2018, and 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.

The Establishment incurred a loss of AED 2,043,645 for the year ended 31 March 2019 and at that date, the Establishment's losses aggregated to AED 904,400.

However, the shareholder has agreed to continue with the operations of the Establishment and has agreed to provide continuing financial support to enable the Establishment to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

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

Standards and interpretations effective for the current period

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:

- IFRS 9: Financial instruments
- IFRS 15: Revenue from Contracts with Customers

The impact of adoption of these standards and the new accounting policies are explained below in more detail:

IFRS 9: Financial instruments

Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Changes in accounting policies resulting from the adoption of IFRS 9 have not resulted in any material impact on opening balances of retained earnings or equity as of 1 April 2018.

(i) Classification and measurement

On the date of initial application of IFRS 9, i.e. 1 April 2018, the Establishment's management has assessed which business models apply to the financial assets held by the Establishment and has classified its financial instruments into the appropriate IFRS 9 categories. Management has concluded that there is no material reclassification of financial assets other than disclosed below.

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

The adoption of IFRS 9 has not resulted in any change in classification or measurement of financial liabilities.

(ii) Impairment of financial assets

The Establishment has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade and other receivables
- Cash and cash equivalents

For trade receivables the Establishment has applied simplified approach permitted by IFRS 9. Further, the simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected losses, trade receivables have been grouped based on credit risk characteristics and past dues. The impact of adoption of new ECL model was immaterial.

For cash and cash equivalents the Establishment has applied 12-month ECL model and the identified impairment loss was immaterial.

IFRS 9 accounting policies

The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3 (j) to the financial statements under significant accounting policies.

IFRS 15: Revenue from contracts with customers

Impact of adoption

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new standard established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customers.

The standard requires the Establishment to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining contract and the costs directly related to fulfilling a contract.

The Establishment has adopted IFRS 15 using the cumulative effect method (without practical expedients), in which the effect of initially applying this standard are recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Changes in accounting policies resulting from the adoption of IFRS 15 have not resulted in any material impact on the opening balance of retained earnings/equity as of 1 April 2018.

IFRS 15 accounting policies

The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3 (e) to the financial statements under significant accounting policies.

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 16: Leases (1 January 2019)
  IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Under this revised guidance, leases will be brought onto the lessee's statement of financial position, 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 lease classification test.

The revised guidance has an increased focus on who controls the asset and may change which contracts are leases.

The above standard is currently being assessed by the management to determine any material impact on the financial statements.

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED"), which is also the Establishment's functional currency.

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.

c) **Investment in a subsidiary**

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 a subsidiary is accounted for at cost less impairment losses, if any. The consolidated financial statements of the parent and its subsidiary are presented separately.

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

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

e) **Revenue from contracts with customers**

The Establishment is in the business of trades in medicines.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Establishment satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the Establishment has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods

The Establishment has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

The Establishment considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated

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.

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. The Establishment is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

j) **Financial instruments**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The existing IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale are removed.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Classification

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification depends on the Establishment's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Establishment commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Establishment has transferred substantially all the risks and rewards of the asset, or
  (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Establishment may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of trade and other payables and amount due to a related party.

Impairment of financial assets

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 or FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than IAS 39.

The Establishment recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The financial assets at amortised cost consist of non-current receivables, trade and receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and

- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Establishment measures loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Establishment considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Establishment’s historical experience and informed credit assessment and including forward looking information.

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Establishment considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Establishment is exposed to credit risk.

At each reporting date, the Establishment 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 assets have occurred.

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

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.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Establishment.

k) **Fair value measurement**

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

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.

The Establishment uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and intangible 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.

The Establishment applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics. The loss allowance for financial assets are based on assumptions about risk of default and how changes in Economic factors affect ECLs, which are determined on a probability-weighted basis.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Establishment determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Establishment concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

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.

Impairment
Assessments of net recoverable amounts of property, plant and equipment and intangible assets are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets
The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3 (j).

Staff end-of-service benefits
The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 236,325 (previous year AED 255,879), 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 AED	Furniture, fixtures and office equipment AED	Total AED
Cost			
At 1 April 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 and 31 March 2019	--	--	--
Accumulated depreciation			
At 1 April 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 and 31 March 2019	--	--	--
Carrying amount			
At 1 April 2017	20,401	24,885	45,286
At 31 March 2018 and 31 March 2019	--	--	--

7. INTANGIBLE ASSETS

	Computer software AED
Cost	
At 1 April 2017	16,831
Write off	(16,831)
At 31 March 2018 and 31 March 2019	--
Accumulated amortisation	
At 1 April 2017	12,164
Amortisation	3,850
Adjustment on write-off	(16,014)
At 31 March 2018 and 31 March 2019	--
Carrying amount	
At 1 April 2017	4,667
At 31 March 2018 and 31 March 2019	--

8. INVESTMENT IN A SUBSIDIARY

	2019 AED	2018 AED
Interest in share capital at cost in Biotech Laboratories (PTY) LTD		
4,302,020 unquoted equity shares of Rand (R) 0.001 each[(a)]	45,443,454	45,443,454
175,591 non-redeemable convertible preference shares of Rand (R) 0.001 each (100% of issued preference shares)	1,363,453	1,363,453
	46,806,907	46,806,907

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

Name of subsidiary	Principal activity	Country of incorporation	Registered proportion (%) of ownership interest 2019	Registered proportion (%) of ownership interest 2018
Biotech Laboratories (PTY) LTD	Pharmaceutical trading	Republic of South Africa	95.05	95.05

9. NON-CURRENT FINANCIAL ASSETS

This represents interest free long-term loan of AED 798,073 (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:

	2019 AED	2018 AED
Opening balance	975,951	861,659
Unrealised exchange (losses)/gains	(177,878)	114,292
Closing balance	798,073	975,951

10. TRADE AND OTHER RECEIVABLES

	2019	2018
Trade receivables	4,263,695	28,232,406
Staff advances	236,325	222,970
Deposits	21,149	30,826
	4,521,169	28,486,202

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

	2019	2018
0-60 days	--	2,742,876
61-90 days	--	1,284,366
91-120 days	--	1,732,658
Over 120 days	4,263,695	8,287,069

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

	2019	2018
Trade receivables not past due and not impaired	--	14,185,437

The Establishment does not hold any collateral against trade receivables.

11. OTHER CURRENT ASSETS

	2019	2018
Prepayments	43,220	56,085
Advances from customers	--	1,452,000
VAT receivables (net)	1,762	1,122
	44,982	1,509,207

12. CASH AND CASH EQUIVALENTS

	2019	2018
Cash on hand	--	1,106
Bank balances in current accounts	171,626	243,053
	171,626	244,159

		2019	2018
		AED	AED
13.	**SHARE CAPITAL**		
	Issue and paid up:		
	51,885,000 shares of AED 1 each held by J.B. Chemicals & Pharmaceuticals Limited, India	**51,885,000**	51,885,000

14.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**		
	Opening balance	**255,879**	193,630
	Provision for the year	**3,394**	67,181
	Paid during the year	**(22,948)**	(4,932)
	Closing balance	**236,325**	255,879

15.	**SHORT-TERM BORROWINGS**		
	Bank overdraft from CITI Bank	**--**	462,649

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

16.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**--**	22,829,138
	Accruals	**1,052,432**	1,245,585
		1,052,432	24,074,723

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

17.	**OTHER CURRENT LIABILITIES**		
	Other liabilities	**--**	131,530
		--	131,530

18. **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, subsidiary, 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 subsidiaries AED	Key management personnel AED	Total 2019 AED	Total 2018 AED
Investment in subsidiary	--	46,806,907	--	--	**46,806,907**	
	--	46,806,907	--	--		46,806,907
Non-current financial assets	--	798,073	--	--	**798,073**	
	--	975,951	--	--		975,951
Included in trade and other receivables	--	--	4,232,034	236,325	**4,468,359**	
	--	--	27,532,180	222,970		27,755,150
Included in trade payables	--	--	--	--	**--**	
	22,795,452	--	15,628	--		22,811,080
Due to a related party	73,400	--	--	--	**73,400**	
	73,400	--	--	--		73,400
Provision for staff end-of-service benefits	--	--	--	236,325	**236,325**	
	--	--	--	233,565		233,565
Guarantees received	14,680,000	--	--	--	**14,680,000**	
	14,680,000	--	--	--		14,680,000

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 26.

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

	Parent/ ultimate parent company AED	Fellow subsidiary AED	Key management personnel AED	Total 2019 AED	Total 2018 AED
Revenue	--	--	--	**--**	
	--	22,045,972	--		22,045,972
Purchases	--	--	--	**--**	
	18,392,353	--	--		18,392,353
Other Operating Income	95,695	(84,574)	--	**11,121**	
	--	--	--		--
Marketing expenses	--	--	--	**--**	
	--	11,095,138	--		11,095,138
Staff costs	--	--	55,394	**55,394**	
	--	--	1,298,312		1,298,312
Recharge of guarantee commission	73,400	--	--	**73,400**	
	73,400	--	--		73,400

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.

19. 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 according to the business requirements and maintain capital at desired levels.

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Establishment generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, customer type, type of goods and sales channel is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Establishment's revenue and cash flows.

	2019 AED	2018 AED
Primary Geographical segments		
- Asian countries	--	30,816,298
- European countries	--	2,072,839
	--	32,889,137
Major goods/service lines		
Trading[a]		
- Medicine	--	32,889,137
	--	32,889,137
Timing of revenue recognition		
- At a point in time	--	32,889,137
	--	32,889,137

Note:
[a]The Establishment has not carried out any activity during the year.

21. OTHER OPERATING INCOME

	2019	2018
Credit balances written back	**9,584**	239,837
Miscellaneous Income	**11,121**	--
	20,705	239,837

		2019	2018
		AED	AED
22.	**STAFF COSTS**		
	Staff salaries and benefits	79,111	1,649,730
	Staff end-of-service benefits	3,394	67,181
		82,505	1,716,911
23.	**DEPRECIATION AND AMORTISATION**		
	Depreciation of property, plant and equipment	--	28,707
	Amortisation of intangible assets	--	3,850
		--	32,557
24.	**OTHER OPERATING EXPENSES**		
	Operating lease expenses	27,232	168,335
	Marketing expenses	--	11,134,040
	Sales commission	--	723,329
	Net exchange losses	1,644,990	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	190,835	934,468
		1,863,057	13,080,236
25.	**FINANCE COSTS**		
	On bank overdraft	45,388	44,488
	Guarantee commission recharged by a related party	73,400	73,400
		118,788	117,888

26. **FINANCIAL INSTRUMENTS**

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

At 31 March 2019	**At amortised cost**
	AED
Financial assets	
Non-current financial assets	798,073
Trade and other receivables	4,521,169
Cash and cash equivalents	171,626
	5,490,868
Financial liabilities	
Trade and other payables	1,052,432
Amount due to a related party	73,400
	1,125,832

The effect of initially applying IFRS 9 on the Establishment's financial instruments was immaterial. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

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 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.

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.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2019	2018
	AED	AED
Non-current financial assets		
South Africa	798,073	975,951
Trade receivables		
BRICS Countries	4,263,694	28,232,406

At the reporting date, 99% of trade receivables was due from a related party in Russia (previous year, 98% 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.

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a ‘flow rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that the new impairment requirement under IFRS 9 does not have any significant impact on the financial statements.

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:

	2019 AED	2018 AED
Trade receivables		
Russian Ruble (RUB)	**4,232,034**	27,532,180
Trade payables		
Russian Ruble (RUB)	**--**	14,582,411
Long-term loan to subsidiary		
South African Rand	**798,073**	975,951

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 50,301 (previous year AED 139,257).

Interest rate risk

The Establishment is not exposed to any significant interest rate risk at the reporting date.

Fair values

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables and amounts due to a related party approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial assets

- Non-current receivables evaluated by the Establishment based on parameters specific country risk factors, individual credit worthiness of the customers and credit risks characteristics. Based on such evaluation, provisions are made for the expected credit losses of theses receivables. As at the reporting date, the carrying amounts of interest-free long-terms loans due to their terms, has fair values lower than their carrying values.

		2019	2018
		AED	AED
27.	**CONTINGENT LIABILITIES**		
	Guarantees received from a related party	**14,680,000**	14,680,000

28. COMPARATIVE INFORMATION

Previous year's amounts have been regrouped/reclassified as it is considered that the revised grouping/classification, which has been adopted in the current accounting year, more fairly presents the state of affairs/results of operations.

For **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

MANAGER