africure

# Annual Report 2017-18

## AFRICURE PHARMACEUTICALS LTD & ITS SUBSIDIARIES

Consolidated Financial Statements

of

# Africure Pharmaceuticals Ltd & Its Subsidiaries

For the year ended 31st March 2018

# Contents

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# General Information



| Directors | Date of Appointment | Date of Resignation |
|---|---|---|
| Mr. Sultunti Asnath | 17-Mar-17 | - |
| Mr Ladkoo Girish | 17-Mar-17 | 20-Nov-18 |
| Mr Shameel Rumjaun (Alternate to Mr Girish Ladkoo) | 03-Apr-17 | 26-Mar-18 |
| Mr Sinhue Bosco Noronha | 22-Mar-17 | - |
| Mr. Deepak Joseph Parayanken | 22-Mar-17 | - |
| Mr Ravi Shankar Chandrasekhar | 22-Mar-17 | - |
| Mr Sunil Sandinti | 16-Apr-18 | - |
| Mr Haider Mousa Mohammed Mohammed | 16-Apr-18 | - |
| Mr.Vikramkumar Naik | 16-Apr-18 | - |
| Mr Kjell Ekstrom (Alternate to Mr Girish Ladkoo) | 30-Apr-18 | 20-Nov-18 |
| Mr Kjell Ekstrom (Alternate to Mr Sultunti Asnath) | 30-Apr-18 | - |
| Mr Kjell Ekstrom | 20-Nov-18 | - |

**Administrator & Secretary**

Ocorian Corporate Services (Mauritius) Limited
6th Floor, Tower A, 1 Cybercity
Ebene, Mauritius

**Registerd Office**

6th Floor, Tower A, 1 Cybercity
Ebene, Mauritius

**Statutory Auditors**

RSM (Mauritius)
109 Moka Business Centre,
Mount Ory Road, Bon Air, Moka, Mauritius

**Bankers**

Afrasia Bank Limited
Bowen Square, 10, Dr Feriere Street
Port Louis, Mauritius

# Directors Report & Management analysis



Dear Members,

The Directors have pleasure in presenting the First Annual Report of the Company and the Consolidated Audited Financial Statements for the year ended 31$^{st}$ March 2018,

## Performance Summary

The group achieved a revenue of USD 11.80 Mn with a PAT of USD 2.40 Mn. This, being the first year of operations of the business, despite challenges of change of names, registrations, working capital crunch, etc, the company has been able to achieve a very decent performance, and has also laid a very strong foundation for the future,

## Market Overview

With Sub-Saharan pharmaceutical market growing at 9% in 2016-17, which is higher than rest of the world, provides us with a great opportunity and reiterates the relevance of our In Africa, By Africans, For Africa Strategy. The world is moving towards generics, to provide affordability to people at large & we are happy to be associated in moving towards that direction.

## Dividends

This being the first year of operations, the board wishes to reinvest the profits back into the business & hence does not recommend any dividend for the financial year.

## Share Issuance

The company alloted Equity & Preference shares to its shareholders in April 2018, which was approved by the Mauritian authorities in June 2018 & hence shown as share application money in the separate Company's financial statements.

## Business Combinations

During the year, the company, due to business reasons, hived off its investments in Strides Vital Nigeria Ltd and Strides Pharma Mozambique Limited.

## Post Balance Sheet Events

In August 2018, the company hived off 30% of its investment in Africure Pharma Namibia, PTY Ltd due to strategic reasons.

The company is also taking necessary action to bring Africure Pharmaceuticals India Pvt Ltd, the plant in India under the holding company umbrella, by making an equity investment so as to own 51% of Africure India. The transaction is slated to be completed by December 2018

## Related party transactions

The company did not have any transactions with related parties, except payment of remuneration to working directors, as disclosed in the financial statements.

## Diversity and inclusion

The company believes in diversity and inclusion. 90% of the employees are locals in respective countries. The company had 121 employees as at 31st March 2018.

## Corporate Social Responsibility

The company has taken various social initiatives, some of which are providing drinking water facilities, distribution of notebooks & school bags to children studying in government schools, etc.

## Auditors

The auditors, RSM (Mauritius) have indicated their willingness to continue office and will be automatically reappointed at the annual shareholders meeting

For Africure Pharmaceuticals Ltd & its subsidiaries

**Director** **Director**

30 NOV 2018

# Directors' responsibilities in respect of the preparation of the annual report and accounts

The Directors are responsible for preparing the Annual Report, including the financial statements, in accordance with the Mauritius Companies act, 2001. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Consolidated and separate financial Statements in accordance with international Financial Reporting Standards (IFRS). In preparing these financial statements, the Directors have also elected to comply with IFRS as issued by the International Accounting Standards Board (IASB). In preparing these financial statements, the Directors have:

- adopted the going concern basis;
- selected suitable accounting policies and applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of Africure pharmaceuticals Limited & its subsidiaries (Africure Group) and disclose with reasonable accuracy, at any time, the financial position of Africure Group and to enable them to ensure that the Consolidated Financial Statements, are in accordance with IFRS. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of The Directors, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRS as issued by the IASB give a true and fair view of the assets, liabilities, financial position and profit of Africure Group; and
- the Management Report includes a fair review of the development and performance of the business and the position of Africure Group, together with a description of the principal risks and uncertainties that it faces.

Furthermore, so far as each of the Directors is aware, there is no relevant audit information of which the auditors are unaware, and each of the Directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors consider that the Annual Report, including the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Africure Group's position and performance, business model and strategy.

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

For Africure Pharmaceuticals Ltd & its subsidiaries

**Director** **Director**

30 NOV 2018

# Secretary's Certificate





## To the Members of Africure Pharmaceuticals Ltd

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We certify, as Secretary of Africure Pharmaceuticals Ltd ('the Company'), that based on records and information made available to us by the Directors and Shareholders of the Company, the Company has filed with the Registrar of Companies for period from 17 March 2017 (date in incorporation) to 31 March 2018, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Dated 30 November 2018

ISABELLE ADRIEN, ACIS
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED
SECRETARY

# Independent Auditor's Report

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## To the Shareholders of Africure Pharmaceuticals Ltd

This report is made solely to the shareholders of Africure Pharmaceuticals Ltd (the "Company"), as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

## Opinion

We have audited the financial statements of Africure Pharmaceuticals Ltd and its subsidiaries (together referred 7 to as the "Group") set out on pages 12 to 40, which comprise the consolidated statement of financial position as at 31 March 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Group and Company as at 31 March 2018, and of the financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with these requirements and to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of the Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the directors are responsible for assessing the Company's and Group'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Mauritius Companies Act 2001. The other information does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to a be materially misstated. If, based on the. work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Else, we have nothing to report in this regard.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

» Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

» We have no relationship with, or interests in, the Company and its subsidiaries, other than in our capacity as auditor;

» We have obtained all information and explanations we have required; and

» In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**RSM**
**Chartered Accountants**
**Moka, Mauritius**

**Ravi Kowlessur, FCCA**
**Licensed by FRC**

Date: 30 November 2018

# Consolidated Statement of Financial Position



## As at 31-Mar-18

All the amounts are in USD unless otherwise stated

| Particulars | Notes | 31-Mar-18 Group | 31-Mar-18 Company |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Non-current assets** | | | |
| Goodwill | 3E | 3,124,424 | - |
| Property plant and equipment | 3A | 6,573,526 | - |
| Intangible assets | 3B | 55,712 | 53,371 |
| Capital work in progress | 3C | 2,115,727 | - |
| Investment in subsidiaries | 4 | - | 7,901,300 |
| **Total non-current assets** | - | 11,869,389 | 7,954,671 |
| | | | |
| **Current assets** | | | |
| Inventories | 5 | 3,344,536 | - |
| Trade receivables | 6 | 3,214,586 | 3,744,765 |
| Cash and cash equivalents | 7 | 2,013,646 | 1,480,605 |
| Other assets | 8 | 777,533 | 137,026 |
| **Total current assets** | - | 9,350,301 | 5,362,396 |
| | | | |
| **Total assets** | - | 21,219,690 | 13,317,067 |

| Particulars | Notes | 31-Mar-18 Group | Company |
|---|---|---|---|
| **EQUITY & LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 12A | 10,000 | 10,000 |
| Share application money pending allotment | 12B | 9,400,000 | 9,400,000 |
| Retained earnings | | 2,366,005 | 2,492,694 |
| Other reserves | 13 | 185,243 | - |
| Capital and reserves attributable to owners of Africure Pharmaceuticals Ltd | - | 11,961,248 | 11,902,694 |
| **Non-controlling interests** | - | 1,021,243 | - |
| **Current liabilities** | | | |
| Borrowings | 9 | 1,335,284 | - |
| Trade payables | 10 | 5,771,684 | 457,906 |
| Other liabilities | 11 | 1,001,354 | 909,172 |
| Current tax liabilities | 20 | 128,877 | 47,295 |
| **Total current liabilities** | - | 8,237,199 | 1,414,373 |
| **Total liabilities** | - | 21,219,690 | 13,317,067 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Authorised for issue by the board of directors on
And signed on its behalf by

**Director** **Director**

# Consolidated Statement of Comprehensive Income





## For the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

| Particulars | Notes | 31-Mar-18 Group | 31-Mar-18 Company |
|---|---|---|---|
| Revenue | 14 | 11,391,103 | 4,365,277 |
| Other income | 15 | 3,154,477 | 2,612,517 |
| | | 14,545,580 | 6,977,794 |
| Cost of raw-materials and finished goods | 16 | 7,834,519 | 3,464,770 |
| Employee benefit expenses | 17 | 1,621,527 | 374,478 |
| Other expenses | 18 | 1,766,134 | 375,064 |
| | | 11,222,180 | 4,214,312 |
| | | | |
| **Profit before finance cost, depreciation and tax** | | 3,323,400 | 2,763,482 |
| Finance costs | 19 | 355,904 | 213,551 |
| Depreciation and amortisation | 3D | 236,869 | 9,942 |
| **Profit before income tax** | | 2,730,627 | 2,539,989 |
| **Income tax expense** | | - | - |
| Current tax | 20 | 363,394 | 47,295 |
| | | | |
| **Profit for the year** | | 2,367,233 | 2,492,694 |
| **Profit attributable to** | | - | - |
| Owners of the Company | | 2,366,005 | 2,492,694 |
| Non-controlling interests | | 1,228 | - |

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# Consolidated Statement of Comprehensive Income

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## For the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

| Particulars | Notes | 31-Mar-18 Group | 31-Mar-18 Company |
|---|---|---|---|
| **Profit for the year** | | **2,367,233** | **2,492,694** |
| Items that may be reclassified to profit or loss | | - | - |
| Items that will not be reclassified to profit or loss | | - | - |
| Other comprehensive income for the year net of tax | | - | - |
| **Total comprehensive income for the year** | | **2,367,233** | **2,492,694** |
| Total comprehensive income for the year attributable to | | - | - |
| Owners of the Company | | **2,366,005** | **2,492,694** |
| Non-controlling interests | | **1,228** | - |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cashflows

## For the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

| Particulars | 31-Mar-18 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit for the year | | 2,730,627 | | 2,539,989 |
| *Adjustments for:* | | | | |
| Depreciation and amortisation expenses | 236,869 | - | 9,942 | - |
| (Profit) on sale of investments | (2,598,334) | - | (2,598,334) | - |
| Finance costs | 355,904 | - | 203,900 | - |
| Net unrealised exchange (gain) / loss | (536,868) | - | 1,654 | - |
| | | (2,542,429) | | (2,382,838) |
| *Changes in working capital:* | | | | |
| Operating profit before working capital changes | - | 188,198 | - | 157,151 |
| Current assets | (7,123,019) | - | (3,883,445) | - |
| *Adjustments for (increase) / decrease in operating assets:* | | | | |
| *Adjustments for increase / (decrease) in operating liabilities:* | | | | |
| Trade and other liabilities | 7,495,149 | - | 1,367,078 | - |
| | - | 372,130 | - | (2,516,367) |
| Cash generated from operations | - | 560,328 | - | (2,359,216) |
| Net income tax paid | - | (234,517) | - | - |
| **Net cash flow from/(used in) operating activities (A)** | - | 325,811 | - | (2,359,216) |

| Particulars | 31-Mar-18 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Capital expenditure on property plant and equipment and intangible assets including Capital work in progress | (2,764,238) | - | (63,313) | - |
| Investment in subsidiaries | - | - | (10,274,514) | - |
| Proceeds from sale of investments | 4,971,548 | - | 4,971,548 | - |
| Acquisition of subsidiaries (net) | (9,921,023) | - | - | - |
| **Net cash flow used in investing activities (B)** | - | (7,713,713) | - | (5,366,279) |
| | | | | |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from issue of shares | 10,000 | - | 10,000 | - |
| Share Application Money Received | 9,400,000 | - | 9,400,000 | - |
| Finance costs paid | (355,904) | - | (203,900) | - |
| **Net cash flow from financing activities (C)** | - | 9,054,096 | - | 9,206,100 |
| | - | - | - | - |
| **Net increase in cash and cash equivalents (A+B+C)** | - | 1,666,194 | - | 1,480,605 |
| Add: Cash and cash equivalents taken over on business combination | - | 347,452 | - | - |
| **Cash and cash equivalents at the end of the year** | - | 2,013,646 | - | 1,480,605 |
| **Reconciliation of Cash and Cash Equivalents with the Balance Sheet:** | - | - | - | - |
| Cash and cash equivalents as per Balance Sheet (Refer Note 7) | - | 2,013,646 | - | 1,480,605 |
| **Cash and cash equivalents as per Cash Flow Statement** | - | 2,013,646 | - | 1,480,605 |

There are no non-cash investing and financing activities for the year ended 31-Mar-18

# Consolidated Statement of Changes in Equity

## For the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

| Particulars | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Share application money | Retained earnings / (defecit) | Other Reserves | Equity attributable to owners of the Company | Non-Controlling interests | Total equity |
| Issue of shares | 10,000 | - | - | - | 10,000 | - | 10,000 |
| Application money pending allotment | - | 9,400,000 | - | - | 9,400,000 | - | 9,400,000 |
| Business combination | - | - | - | - | - | 1,020,015 | 1,020,017 |
| Profit/(loss) for the year | - | - | 2,366,005 | 185,243 | - | 1,228 | 1,234 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | - |
| **Balance as at 31-Mar-18** | **10,000** | **9,400,000** | **2,366,005** | **185,243** | **9,410,000** | **1,021,243** | **10,431,267** |

| Particulars | Company | | | |
|---|---|---|---|---|
| | Share capital | Share application money | Retained earnings / (defecit) | Total equity |
| Issue of shares | 10,000 | - | - | 10,000 |
| Application money pending allotment | - | 9,400,000 | - | 9,400,000 |
| Profit/(loss) for the year | - | - | 2,492,694 | 2,492,694 |
| Other comprehensive income (net of taxes) | - | - | - | - |
| **Balance as at 31-Mar-18** | **10,000** | **9,400,000** | **2,492,694** | **11,902,694** |

# Notes Forming Part of Consolidated Financial Statements





For the year ended March 31, 2018

All amounts are in USD unless otherwise stated

Note No:

## 1. Company overview

Africure Pharmaceuticals Limited (the "Company" or the "Parent Company") is a manufacturer and distributor of high quality essential medication in Africa. The Company was incorporated on 17- Mar-17, having its registered office at 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius. The principal activity of the Company is investment holding, trading & procurement of pharmaceutical producLs. The company holds Category 1 Global business license under The Financial services Act, 2007 and is regulated by the Financial services commission.

## 2. Basis of preparation of consolidated financial statements

### (a) Statement of compliance

The consolidated financial statements as at and for the year ended 31-Mar-18 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

There are no comparatives as these are the first set of financial statements prepared by the Company since its incorporation in the Republic of Mauritius on 17-Mar-17.

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis.

### (b) Basis of measurement

### (c) Functional and presentation currency

The consolidated financial statements are presented in USD, which is the functional currency of the parent company and the currency of the primary economic environment in which the entity operates.

### (d) Use of estimates and judgment

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

i) Income taxes: The Group's major tax jurisdictions are Mauritius and other African Countries, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions

ii) Other estimates: The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iii) PPE : The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

## 3 Significant accounting policies

### (i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

### (ii) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The consolidated financial statements are presented in USD, which is the functional currency of the Company.

### (iii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and reported within foreign exchange gains/ (losses). Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

# 3 Significant accounting policies (Continued)

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity. On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

### (iv) Financial instruments

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial instruments carried on the statement of financial position include trade receivables and cash and cash equivalents, other assets, trade payable and provisions. The particular recognition methods adopted are disclosed below:

### Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method (EIR), less any impairment losses.

The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Loans and receivables comprise cash and cash equivalents and trade receivables.

### Financial liabilities

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

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

### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method

# 3 Significant accounting policies (Continued)

### Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

### Offsetting of financial instruments

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

### (v) Property, plant and equipment

### a) Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

### b) Depreciation:

The Group depreciates property, plant & equipment over the useful life on a straight-line basis from the date such assets were put to use. The cost of the property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

| Category | Useful life in years |
|---|---|
| Building | 10 |
| Plant and machinery | 10 |
| Office Equipment | 7 |
| Leasehold improvements | Lease period |
| Furniture & Fittings | 20 |
| Computers | 3 |
| Vehicles | 10 |

# 3 Significant accounting policies (Continued)

## Property, Plant & equipment (Continued)

## Depreciation (Continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit or loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated statement of profit or loss.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

## (vi) Business combination, Goodwill and Intangible assets

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred.

## a) Goodwill

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized immediately in the statements of profit or loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## b) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Computer software is amortised over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and also on industry practice for similar assets.

# 3 Significant accounting policies (Continued)

The estimated useful lives of intangibles are as follows:

| Category | Useful life in years |
|---|---|
| Computer Software | 3 |
| Research and Development | 3 |

## (vii) Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit or loss over the lease term.

## (viii) Impairment

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

### a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible. Impairment losses are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited in profit or loss.

### b) Non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's value in use and its fair value less costs to sell, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

## 3 Significant accounting policies (Continued)

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's Cash Generating Units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.
Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU prorata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in consolidated statement of profit or loss and is not reversed in the subsequent period.

### (ix) Employee Benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group has the following employee benefit plans:

### a) Social security plans

Employees Contributions payable to the social security plans, which are a defined contribution scheme, are charged to the statement of profit or loss in the period in which the employee renders services.

### b) Gratuity

The Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method.

### c) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment.
The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on fair estimates. Non-accumulating compensated absences are recognized in the period in which the absences occur.

# 3 Significant accounting policies (Continued)

### (x) Provisions

Provisions are recognized when the Group 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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. 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 recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

### (xi) Revenue

Revenue from sale of pharmaceutical products is recognised when all the following conditions are satisfied

1. The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
2. The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. The amount of revenue can be measured reliably;
4. It is probable that the economic benefits associated with the transaction will follow to the group;
5. The cost incurred or to be incurred in respect of the transaction can be measured reliably

### (xii) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (xiii) Finance income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit or loss, using the effective interest method.

# 3 Significant accounting policies (Continued)

Dividend income is recognized in the statement of profit or loss on the date that the Group's right to receive payment is established. Finance expenses consist of interest expense on loans and borrowings and impairment losses recognized on financial assets (other than trade receivables). Borrowing costs are recognized in the statement of profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

### (xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

### a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction. Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### (xvi) Research and development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

# 3 Significant accounting policies (Continued)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### (xvii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (xvii) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

### a. Standards and Interpretations applied in the financial statements

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 17 March 2017.

### b. New standards and interpretations not yet adopted

Certain Standards, Amendments to published Standards and Interpretations have been issued that are mandatory for accounting periods beginning on or after 1 July 2017 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were issued but not yet effective:

### a) IFRS 9 Financial Instruments

A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

- IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as “fair value through other comprehensive income” in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
- The new model introduces a single impairment model being applied to all financial instruments, as well as an “expected credit loss” model for the measurement of financial assets.
- IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
- IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

## (xvii) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)



The Company is currently in the process of assessing the impact of the amendments of IFRS 9 on these financial statements.

### b) IFRS 15 Revenue from Contracts with Customers:

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. The standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.

Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the consolidated financial statements.

### c) IFRS 16 Leases:

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

### d) IFRIC 22, Foreign currency transactions and advance consideration:

On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board (IASB) issued IFRS interpretation, IFRIC 22, Foreign Currency Transactions and Advance Consideration which clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is currently evaluating the impact of IFRIC 22 on the consolidated financial statements.

## (xvii) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)





### e) IFRIC 23, Uncertainty over Income Tax Treatments:

On June 7, 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, Income Taxes. The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is currently evaluating the effect of IFRIC 23 on the consolidated financial statements.

### e) Amendment to IAS 19 – plan amendment, curtailment or settlement:

On February 7, 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

### The amendments require an entity:

i) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

ii) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after January 1, 2019, though early application is permitted. The Group is evaluating the effect of this amendment on the consolidated financial statements.

# Notes Forming Part of Consolidated Financial Statements





## As at and for the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

| 3A | Property Plant and equipment<br>Carrying amounts of | 31-Mar-18<br>Group | <br>Company |
|---|---|---|---|
| | **3A Tangible Assets** | | |
| | Building | 2,684,629 | - |
| | Plant and machinery | 3,235,031 | - |
| | Office Equipment | 34,030 | - |
| | Furniture & Fittings | 463,533 | - |
| | Computers | 20,842 | - |
| | Vehicles | 135,461 | - |
| | | **6,573,526** | **-** |

| 3B | Other intangible assets<br>Carrying amounts of | 31-Mar-18<br>Group | <br>Company |
|---|---|---|---|
| | **3B Other Intangible Assets** | | |
| | Computer Software | 55,712 | 53,371 |
| | Research and Development | - | - |
| | | **55,712** | **53,371** |

| 3C | Capital work in progress<br>Carrying amounts of | 31-Mar-18<br>Group | <br>Company |
|---|---|---|---|
| | Capital work in progress | 2,115,727 | - |

Capital Work in progress represents amounts spent on construction & machineries for the Cote d ivoire project, pending capilisation

## Group

| Description of Assets | Building | Plant and machinery | Office Equipment | Furniture & Fittings | Computers | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| | 3A Tangible Assets | | | | | | |
| **I. Gross carrying value** | | | | | | | |
| Acquired on business combination | 2,495,876 | 3,262,670 | 83,435 | 518,968 | 48,704 | 321,844 | **6,731,497** |
| Additions | 236,317 | 288,126 | 18,288 | 32,903 | 2,827 | 62,525 | **640,986** |
| Disposals | - | (38,155) | (25,079) | (5,964) | (11,276) | (26,018) | **(106,492)** |
| **Balance as at 31-Mar-18** | 2,732,193 | 3,512,641 | 76,644 | 545,907 | 40,255 | 358,351 | 7,265,991 |
| **II. Accumulated depreciation and impairment** | | | | | | | |
| Acquired on business combination | 31,057 | 192,574 | 33,183 | 42,122 | 15,233 | 201,863 | 516,032 |
| Depreciation / amortisation expense | 14,384 | 160,156 | 8,116 | 20,223 | 7,711 | 15,826 | 226,416 |
| Eliminated on disposal of assets | - | (51,352) | 10 | 16,007 | - | - | (35,335) |
| **Balance as at 31-Mar-18** | 45,441 | 301,378 | 41,309 | 78,352 | 22,944 | 217,689 | 707,113 |
| Exchange difference | 2,123 | (23,768) | 1,305 | 4,022 | (3,531) | 5,201 | (14,648) |
| **Net block (I-II)** | | | | | | | |
| Balance as at 31-Mar-18 | 2,684,629 | 3,235,031 | 34,030 | 463,533 | 20,842 | 135,461 | 6,573,526 |

| Description of Assets | 3B Other Intangible Assets | | |
|---|---|---|---|
| | Computer Software | Research and development | Total |
| **I. Gross carrying value** | | | |
| Acquired on business combination | 3,831 | 1,629 | **5,460** |
| Additions | 63,770 | 250 | **64,020** |
| Disposals | - | - | **-** |
| **Balance as at 31-Mar-18** | **67,601** | **1,879** | **69,480** |
| | | | |
| **II. Accumulated depreciation and impairment** | | | |
| Acquired on business combination | 1,700 | 1,629 | **3,329** |
| Depreciation / amortisation expense for the year | 10,203 | 250 | **10,453** |
| Eliminated on disposal of assets | - | - | **-** |
| **Balance as at 31-Mar-18** | **11,903** | **1,879** | **13,782** |
| Exchange difference | (14) | - | **(14)** |
| **Net block (I-II)** | **-** | **-** | **-** |
| Balance as at 31-Mar-18 | 55,712 | - | 55,712 |

# Company

| Description of Assets | 3B Other Intangible Assets | | |
|---|---|---|---|
| | Computer Software | Research and development | Total |
| **I. Gross carrying value** | | | |
| Additions | 63,313 | - | **63,313** |
| Disposals | - | - | **-** |
| **Balance as at 31-Mar-18** | **63,313** | **-** | **63,313** |
| **II. Accumulated depreciation and impairment** | | | |
| Depreciation / amortisation expense for the year | 9,942 | | **9,942** |
| Eliminated on disposal of assets | - | - | **-** |
| **Balance as at 31-Mar-18** | **9,942** | **-** | **9,942** |
| **Net block (I-II)** | **-** | **-** | **-** |
| Balance as at 31-Mar-18 | 53,371 | - | 53,371 |

| 3D Depreciation and Amortisation | | | |
|---|---|---|---|
| Particulars | Note. No | 31-Mar-18 | |
| | | Group | Company |
| Property plant and equipment | 3A | 226,416 | 9,942 |
| Amortisation - Intangibles | 3B | 10,453 | - |
| | **-** | **236,869** | **9,942** |

| 3E Goodwill | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Balance as at 1-Apr-17 | - | - |
| Acquired on business combination [Refer Note 25] | 3,124,424 | - |
| Balance as at 31-Mar-18 | **3,124,424** | **-** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Cash Generating Units (CGU) or groups of CGUs, which benefit from the synergies of the acquisition. The Chief Operating Decision Maker reviews the goodwill for any impairment at the operating segment level, being the manufacturing and selling of pharmaceuticals. Therefore goodwill on acquisition of subsidiaries has been allocated to the group's single operating segment said above.

# Notes Forming Part of Consolidated Financial Statements





As at and for the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

## Non-current assets

### 4 Investment in subsidiaries

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| **Investment in equity share of:** | | |
| African Pharmaceutical Development SA (Cameroon) | - | 20,000 |
| Africure Pharmaceuticals Cameroon SA (Cameroon) | - | 5,221,405 |
| Africure Pharmaceuticals Namibia ( Pty) Ltd (Namibia) | - | 1,611,696 |
| Africure Pharmaceuticals Botswana ( Pty) Ltd (Botswana) | - | 986,893 |
| Africure Pharmaceuticals Ltd ( Nigeria) | - | 6,945 |
| Africure Pharmaceuticals Ltd (IVC) | - | 24,546 |
| Societe De Repartition Pharmaceutique SA (Burkina faso) | - | 29,815 |
| | - | 7,901,300 |

Refer Note 25 for % holding acquired in each subsidiary

## Current assets

### 5 Inventories

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Raw materials | 1,788,627 | - |
| Finished goods | 1,555,909 | - |
| | 3,344,536 | - |

# 6 Trade receivables

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Trade receivables | 3,217,499 | 3,744,765 |
| Provision for doubtful receivables | (2,913) | - |
| | 3,214,586 | 3,744,765 |

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 90 to 120 days and therefore are all classified as current. Refer to Note 22 for credit risk analysis.

# 7 Cash and cash equivalents

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Cash in hand | 21,356 | - |
| Balances in current account | 1,979,790 | 1,468,105 |
| Balances in deposit account | 12,500 | 12,500 |
| | 2,013,646 | 1,480,605 |

# 8 Other assets

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Prepayments | 158,064 | - |
| Employee loans | 79,086 | 1,000 |
| Recoverable from Government authorities | 250,956 | - |
| Deposits | 51,033 | 10,000 |
| Other loans | 43,445 | 126,026 |
| | 777,533 | 137,026 |

Employee and other loans are unsecured, interest free and are settled within a period of one year

# Current liabilities

# 9 Short term borrowings

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Loan from shareholders holding non-controlling interests | 1,335,284 | - |
| | 1,335,284 | - |

Unsecured loans to be repayable on demand to share holders holding non-controlling interests with an interest rate of 0% to 10%

# 10 Trade payables

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Trade payables | 5,771,684 | 457,906 |
| | 5,771,684 | 457,906 |

Trade payables are unsecured and are usually paid within a period of 60 to 120 days

# 11 Other liabilities

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Employee payables | 110,049 | 55,525 |
| Statutory remittances | 39,002 | 2,490 |
| Other payables | 852,303 | 851,157 |
| | 1,001,354 | 909,172 |

# Equity

# 12 A Equity Share capital

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Equity Share capital | 10,000 | 10,000 |
| (10,000 equity shares of par value of USD 1 each) | 10,000 | 10,000 |

The holder of an ordinary share in the Company shall confer on the holder
(a) the right to one vote on a poll at a meeting of the Company on any resolution;
(b) the right to an equal share in dividends authorised by the Board;
(c) the right to an equal share in the distribution of the surplus assets of the Company.

# 12 B Share Application Money

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Share Application Money Pending Allotment | 9,400,000 | 9,400,000 |

Share application monies represent advances received from the Company's shareholder which have not yet been converted into share capital at year end.

# 13 Other reserves

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Foreign exchange translation reserve | 185,243 | - |
| | 185,243 | - |

## 14 Revenue

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Sale of goods | 11,391,103 | 4,365,277 |
| | 11,391,103 | 4,365,277 |

## 15 Other income

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Gain on sale of investments | 2,598,334 | 2,598,334 |
| Gain on foreign exchange transactions and translations | 500,041 | - |
| Miscellaneous income | 56,102 | 14,183 |
| | 3,154,477 | 2,612,517 |

## 16 Consumption of materials and finished goods

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Taken over on business combination | 4,001,077 | - |
| Purchases | 7,628,869 | 3,464,770 |
| Less: Closing stock of materials | (3,795,427) | - |
| | 7,834,519 | 3,464,770 |

## 17 Employee benefit expenses

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Salaries wages and bonus | 1,433,437 | 361,126 |
| Staff welfare expenses | 188,090 | 13,352 |
| | 1,621,527 | 374,478 |

## 18 Other expenses

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Power, fuel and water expenses | 119,080 | - |
| Spares and consumables | 30,001 | - |
| Freight expenses | 71,235 | 4,200 |
| Rent including lease rentals | 251,499 | - |
| Product resgistration charges | 59,177 | 1,550 |
| Rates and taxes | 115,020 | - |
| Communication expenses | 39,083 | - |
| Repairs and maintenance | 91,038 | - |
| Insurance | 46,749 | - |
| Travel and conveyance | 117,460 | 51,369 |
| Business promotion expenses | 337,180 | 48,032 |
| Legal and professional charges | 397,850 | 263,150 |
| Printing and stationery | 29,279 | - |
| Loss on foreign exchange transactions and translation | - | 6,763 |
| Miscellaneous expenses | 61,483 | - |
| | 1,766,134 | 375,064 |

## 19 Finance costs

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Finance cost on borrowings | 270,628 | 203,900 |
| Bank charges | 85,276 | 9,651 |
| | 355,904 | 213,551 |

## As at and for the year ended 31-Mar-18

All the amounts are in USD unless otherwise stated

# 20 Income tax

In Mauritius, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritius tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%. There is no capital gain tax in Mauritius.

The subsidiaries are subject to tax as per their domestic laws. Tax rates of respective subsidiaries are as follows :

| Country | Tax Rates |
|---|---|
| Cameroon | 33% |
| Namibia | 32% |
| Botswana | 22% |
| Burkina Faso | 25% |
| Nigeria | 30% |

Income tax expense in the statement of profit or loss consists of:

| Particulars | Group | Company |
|---|---|---|
| | 31-Mar-18 | |
| **Current taxes** | | |
| In respect of the current year | 363,394 | 47,295 |
| **Grand total** | **363,394** | **47,295** |

Current tax liability as at

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Income tax charge during the year | 363,394 | 47,295 |
| Income tax paid during the year | 234,517 | - |
| **Current tax liabilities** | **128,877** | **47,295** |

The reconciliation between the actual income tax charge and the effective income tax charge is as follows:

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Profit before income tax | 2,730,627 | 2,539,989 |
| Tax at Mauritius tax income rate of 15% | 409,594 | 380,998 |
| 1. Tax effect on income exempt from income tax | (389,750) | (389,750) |
| 2. Tax effect on disallowed expenses | 661 | 661 |
| 3. Tax effect incurred on expenses incurred proportionate to exempt Income | 247,076 | 247,076 |
| 3. Foreign tax credit | (189,178) | (189,178) |
| 4. Overseas taxes paid/ taxes at different rates | 287,503 | - |
| 5. Deferred tax Asset not recognised | (2,512) | (2,512) |
| **Income tax expenses as per statement of profit or loss** | **363,394** | **47,295** |

The Group has not created deferred tax assets on the following

| Unused tax losses expiring in | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| FY 2020 | 678,227 | - |
| FY 2021 | 5,216,783 | - |

## 21 Operating leases

The Group has various operating leases, mainly for plants.

| | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Lease rental expense under such non-cancellable operating lease | 268,870 | - |

Future minimum lease payments under non-cancellable operating lease as at 31-Mar-18 is as below:

| Minimum lease payments | Group | Company |
|---|---|---|
| Payable - Not later than one year | 30,373 | - |
| Payable - later than one year but not later than five years | 151,864 | - |
| Payable - later than five years | 851,756 | - |

# 22 Financial Instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31-Mar-18 is as follows:

| Particulars - Group | Financial assets / liabilities at amortised cost | Total carrying amount | Fair value |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables | 3,214,586 | 3,214,586 | 3,214,586 |
| Cash and cash equivalents | 2,013,646 | 2,013,646 | 2,013,646 |
| Employee loans | 79,086 | 79,086 | 79,086 |
| Deposits | 250,956 | 250,956 | 250,956 |
| Other loans | 51,033 | 51,033 | 51,033 |
| **Total assets** | **5,609,307** | **5,609,307** | **5,609,307** |
| **Liabilities** | | | |
| Borrowings | 1,335,284 | 1,335,284 | 1,335,284 |
| Trade payables | 5,771,684 | 5,771,684 | 5,771,684 |
| Employee payables | 110,049 | 110,049 | 110,049 |
| Other payables | 852,303 | 852,303 | 852,303 |
| **Total liabilities** | **8,069,320** | **8,069,320** | **8,069,320** |

| Particulars - Company | Financial assets / liabilities at amortised cost | Total carrying amount | Fair value |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables | 3,744,765 | 3,744,765 | 3,744,765 |
| Cash and cash equivalents | 1,480,605 | 1,480,605 | 1,480,605 |
| Employee loans | 1,000 | 1,000 | 1,000 |
| Deposits | 10,000 | 10,000 | 10,000 |
| Other loans | 126,026 | 126,026 | 126,026 |
| **Total assets** | **5,362,396** | **5,362,396** | **5,362,396** |
| **Liabilities** | | | |
| Trade payables | 457,906 | 457,906 | 457,906 |
| Employee payables | 55,525 | 55,525 | 55,525 |
| Other payables | 851,157 | 851,157 | 851,157 |
| **Total liabilities** | **1,364,588** | **1,364,588** | **1,364,588** |

# 22 Financial Instruments (Continued)

The management assessed that fair value of cash and short-term deposits, trade receivables, other assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) The fair value of loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

### Fair Value

The fair value of cash and cash equivalent, trade receivables, unbilled revenue, trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to short term nature of these instruments.

### Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### Financial risk management

The Group's activities expose it to a variety of financial risks: Credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

# 22 Financial Instruments (Continued)

## Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The following table gives details in respect of revenues generated from top customer and top 5 customers:

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Revenue from top customer | 1,077,908 | 962,104 |
| Revenue from top five customers | 3,933,520 | 3,544,585 |

**Group :** Two customers accounted for more than 10% of the revenue during year ended 31-Mar-18; however, one customer accounted for more than 10% of the receivables as at 31-Mar-18.

Investments The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating if there are surplus funds. The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

**Company :** One customer accounted for more than 10% of the revenue during year ended 31-Mar-18; One customer accounted for more than 10% of the receivables as at 31-Mar-18.

Investments: The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating if there are surplus funds. The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

## Aging analysis of the trade receivables as at 31-Mar-18 is provided below

| Particulars | 0-90 | 90-180 | 180 and above | Total |
|---|---|---|---|---|
| **Group** | 2,882,746 | 178,318 | 153,522 | 3,214,586 |
| **Company** | 3,239,329 | 330,327 | 175,109 | 3,744,765 |

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilized credit limits with banks.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Group is given below:

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Cash and cash equivalents | 2,013,646 | 1,480,605 |

# 22 Financial Instruments (Continued)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31-Mar-18

| Particulars | Less than 1 year | Group<br>1-2 years | More than 2 years |
|---|---|---|---|
| Borrowings | 1,335,284 | - | - |
| Trade payables | 5,771,684 | - | - |
| Employee payables | 110,049 | - | - |
| Other payables | 852,303 | - | - |

| Particulars | Less than 1 year | Company<br>1-2 years | More than 2 years |
|---|---|---|---|
| Borrowings | - | - | - |
| Trade payables | 457,906 | - | - |
| Employee payables | 55,525 | - | - |
| Other payables | 851,157 | - | - |

## Foreign currency risk

The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in CFA Franc, Namibian Dollar, Botswana Pula, and Nigerian Naira). A significant portion of the Group's revenues and costs are in these foreign currencies. As a result, if the value of the USD appreciates relative to these foreign currencies, the Group's revenues measured in USD may increase. The exchange rate between the USD and these foreign currencies have remained relatively stable in recent periods and may not fluctuate substantially in the future.

The Group management believes that at present the exchange risk and its impact on the Group's financial statements is not material. As such the existing assets and liabilities in different currencies act mutually as a natural exchange risk mitigators

The following table presents foreign currency risk from non-derivative financial instruments as of 31-Mar-18

| Particulars | CFA - Franc | NAD | Group<br>Pula | Euro | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 1,555,514 | 211,626 | 102,519 | 395,890 | 2,265,549 |
| Cash and cash equivalents | 342,682 | 149,448 | 1,462 | 59,808 | 553,400 |
| Employee loans | 66,728 | - | 11,357 | - | 78,085 |
| Deposits | 41,033 | - | - | - | 41,033 |
| **Total assets** | **2,005,957** | **361,074** | **115,338** | **455,698** | **2,938,067** |
| **Liabilities** | | | | | |
| Trade payables | 3,884,287 | 858,374 | 490,743 | - | 5,233,404 |
| Employee payables | 37,997 | - | - | - | 37,997 |
| Other payables | - | 1,146 | - | - | 1,146 |
| **Total liabilities** | 3,922,284 | 859,520 | 490,743 | - | 5,272,547 |
| **Net assets/ (liabilities)** | (1,916,327) | (498,446) | (375,405) | 455,698 | (2,334,480) |

## 22 Financial Instruments (Continued)

| Particulars | | | Company | | |
|---|---|---|---|---|---|
| | CFA - Franc | NAD | Pula | Euro | Total |
| **Assets** | | | | | |
| Trade receivables | - | - | - | 2,195,370 | 2,195,370 |
| Cash and cash equivalents | - | - | - | 59,808 | 59,808 |
| **Total assets** | **-** | **-** | **-** | **2,255,178** | **2,255,178** |
| **Liabilities** | - | - | - | - | - |
| **Net assets/(liabilities)** | **-** | **-** | **-** | **2,255,178** | **2,255,178** |

## Foreign currency rate sensitivity

The Group is mainly exposed to the the above mentioned foreign currencies on account of outstanding receivables and payables.

The following table details the Group's/Company's sensitivity to a 5% increase and decrease in USD against the above currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates an decrease in profit or equity where the USD strengthens 5% against the relevant currency. For a 5% weakening of the USD against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive.

| Particulars | 31-Mar-18 | |
|---|---|---|
| | Group | Company |
| Impact on profit or (loss) for the year | 262,502 | 112,759 |

For a 5% weakening of the USD against the relevant currency, there would be equivalent amount of impact on the profit as mentioned in the above table.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with fixed interest rates.

The company does not have any significant external borrowings and therefore no interest rate fluctuation expected

## 23 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

| Particulars | Group | Company |
|---|---|---|
| Total equity attributable to the equity share holders of the company | 11,961,248 | 11,902,694 |
| As percentage of total capital | 90% | 100% |
| Non-current borrowings | - | - |
| Total borrowings | 1,335,284 | - |
| **As a percentage of total capital** | 10% | 0% |
| **Total capital (borrowings and equity)** | 13,296,532 | 11,902,694 |

The Group/Company is predominantly equity financed which is evident from the capital structure table.

## 24 Segment information

The Board of Directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by IFRS 8 Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes.

The Group has identified business segment as its primary segment and geographical segments as its secondary segment. The Business segment of the Group primarily relates to the business of manufacture of sale of phamaceuticals. Geographical revenues are allocated based on the location of the customer/assets. Geographical segments of the Group are East Africa, West Africa and Southern Africa.

### Group

| Geographies | Revenue | Fixed Assets | Current Assets | Capital expenditure |
|---|---|---|---|---|
| French West Africa | 7,462,705 | 7,368,795 | 5,187,818 | 507,811 |
| Eastern Africa | 2,458,348 | - | 1,347,841 | - |
| Southern Africa | 1,470,050 | 1,296,149 | 1,081,113 | 121,340 |
| Mauritius & Others | - | 80,021 | 1,733,529 | 75,855 |
| | 11,391,103 | 8,744,965 | 9,350,301 | 705,006 |

### Company

| Geographies | Revenue | Fixed Assets | Current Assets | Capital expenditure |
|---|---|---|---|---|
| French West Africa | 2,532,731 | - | 2,195,370 | - |
| Eastern Africa | 1,236,243 | - | 974,297 | - |
| Southern Africa | 596,303 | - | 590,737 | - |
| Mauritius and Others | - | 53,371 | 1,601,992 | 63,313 |
| | 4,365,277 | 53,371 | 5,362,396 | 63,313 |

# 25 Business Combination

## (a) Subsidiaries acquired in the financial year ended 31-Mar-18

| Name of the entity | Principal activity | Date of acquisition | Proportion of voting equity interest acquired (%) | Ownership held by non-controlling interests |
|---|---|---|---|---|
| African Pharmaceutical Development SA (Cameroon) | Distribution | 01-Apr-17 | 85.00% | 15.00% |
| Africure Pharmaceuticals Cameroon SA (Cameroon) | Manufacturing | 01-Apr-17 | 85.00% | 15.00% |
| Africure Pharmaceuticals Namibia (Pty) Ltd (Namibia) | Manufacturing | 01-Apr-17 | 100.00% | - |
| Africure Pharmaceuticals Botswana (Pty) Ltd (Botswana) | Manufacturing | 01-Apr-17 | 70.00% | 30.00% |
| Societe De Repartition Pharmaceutique SA (Burkinafaso) | Distribution | 01-Apr-17 | 80.00% | 20.00% |

| Entities Acquired | Consideration | Non-controlling interest | Fair value of net assets acquired | Goodwill |
|---|---|---|---|---|
| African Pharmaceutical Development SA (Cameroon) | 20,000 | (30,291) | (201,938) | 191,647 |
| Africure Pharmaceuticals Cameroon SA (Cameroon) | 5,221,405 | 884,788 | 5,898,589 | 207,604 |
| Africure Pharmaceuticals Namibia (Pty) Ltd (Namibia)* | 1,289,696 | - | (774,914) | 2,064,610 |
| Africure Pharmaceuticals Botswana (Pty) Ltd (Botswana) | 986,893 | 183,556 | 611,855 | 558,594 |
| Societe De Repartition Pharmaceutique SA (Burkinafaso) | 29,815 | (18,038) | (90,192) | 101,969 |
| | **7,547,809** | **1,020,015** | **5,443,400** | **3,124,424** |

* In case of Africure Pharmaceuticals Namibia, 70% of the equity stake was acquired along with acquisition of Strides entities & the balance 30% was acquired independently from the minority shareholders for a consideration of USD 322,000.

# 25 Business Combination (Continued)

Goodwill arose in the acquisition of the above entities because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Africure. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

**Net cash outflow on acquisition of subsidiaries**

| Particulars | Amount |
|---|---|
| Consideration paid in cash | 7,547,809 |
| Less: Cash and cash equivalents acquired | 347,452 |
| **Outflow/(Inflow)** | **7,200,357** |

**Impact of acquisitions on the results of the Group**

Included in the profit for the year ended 31-Mar-18 is a profit of USD.194,951 attributable to the additional business generated by the above mentioned acquisition. Revenue for the year ended 31-Mar-18 includes USD. 7,526,516 in respect of the subsidiaries acquired.

# 26 Contingent liabilities and commitments (to the extent not provided for) as at 31-Mar-18

| | | Group | Company |
|---|---|---|---|
| (i) | Contingent liabilities: | - | - |
| (ii) | Commitments: | - | - |
| | (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: | 3,000,000 | 1,530,000 |

# 27 Related party transactions and Balances

## Group

There are no related party transactions and balances and therefore disclosures as required under IAS 24 is not provided

## Company

### A Details of related parties

| Description of relationship | Name of the related parties |
|---|---|
| **Subsidiaries** | |
| | African Pharmaceutical Development SA [Cameroon] ("APHAD") |
| | Africure Pharmaceuticals Cameroon SA [Cameroon] ("APC Cameroon") |
| | Africure Pharmaceuticals Namibia (Pty) Ltd (Namibia) ("APNL") |
| | Africure Pharmaceuticals Botswana ( Pty) Ltd (Botswana) ("APBL") |
| | Societe De Repartition Pharmaceutique SA (Burkinofaso) ("SRP") |
| | Africure Pharmaceuticals Ltd (IVC) ("IVC") |
| | Africure Pharmaceuticals Ltd ( Nigeria) ("APNIL") |

### B Details of transactions during the year and balance outstanding as at the balance sheet date:

| Name of the related party | Nature of Relationship | Nature of transaction | 31-Mar-18 |
|---|---|---|---|
| APNIL | Subsidiary Company | Advances | 108,396 |
| APBL | Subsidiary Company | Advances | 17,630 |
| APHAD | Subsidiary Company | Sales | 100,055 |
| APC Cameroon | Subsidiary Company | Sales | 939,892 |
| APNL | Subsidiary Company | Sales | 596,833 |
| SRP | Subsidiary Company | Sales | 825,143 |
| IVC | Subsidiary Company | Sales | 247,605 |
| APHAD | Subsidiary Company | Receivables | 101,944 |
| APC Cameroon | Subsidiary Company | Receivables | 998,088 |
| APNL | Subsidiary Company | Receivables | 573,107 |
| SRP | Subsidiary Company | Receivables | 451,798 |
| IVC | Subsidiary Company | Receivables | 247,649 |

## 28 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

| Summarised Balance Sheet | APHAD | APC Cameroon | APBL | SRP | Total |
|---|---|---|---|---|---|
| Current assets | 3,127,530 | 2,784,334 | 479,741 | 1,561,504 | 7,953,109 |
| Current liabilities | 3,709,613 | 3,258,897 | 736,049 | 1,041,755 | 8,746,314 |
| **Net current assets** | **(582,083)** | **(474,563)** | **(256,308)** | **519,749** | **(793,205)** |
| Non-current assets | 7,287 | 6,356,300 | 640,875 | 29,407 | 7,033,869 |
| Non-current liabilities | - | - | - | - | - |
| **Net non-current assets** | **7,287** | **6,356,300** | **640,875** | **29,407** | **7,033,869** |
| **Net Assets** | **(574,796)** | **5,881,737** | **384,567** | **549,156** | **6,240,664** |
| **Accumulated non-controlling interests** | (86,219) | 882,261 | 115,370 | 109,831 | 1,021,243 |

| Summarised statement of comprehensive income | APHAD | APC Cameroon | APBL | SRP |
|---|---|---|---|---|
| Revenue | 4,517,430 | 1,198,246 | 860,821 | 2,558,943 |
| **Profit/(loss) for the period** | (372,858) | (16,856) | (227,282) | 639,348 |
| Other comprehensive income/(loss) | - | - | - | - |
| **Total comprehensive income** | **(372,858)** | **(16,856)** | **(227,282)** | **639,348** |
| **Profits/(losses) allocated to NCI** | **(55,929)** | **(2,528)** | **(68,185)** | **127,870** |

| Summarised cash flows | APHAD | APC Cameroon | APBL | SRP |
|---|---|---|---|---|
| Cash flows from operating activities | 61,184 | 672,053 | 62,741 | 256,091 |
| Cash flows from/(used in) investing activities | (3,241) | (1,433,094) | (73,735) | (28,337) |
| Cash flows from financing activities | (31,104) | (22,941) | (69,462) | (14,593) |
| **Net increase/(decrease) in cash and cash equivalents** | **26,840** | **(783,982)** | **(80,457)** | **213,160** |

## 29 Ultimate Beneficial Owners:

The Directors consider the following persons to be the ultimate beneficial owners of the Company

Sinhue Bosco Noronha

Ravi Shankar Chandrashekar

Deepak Parayanken

Simbel Anslem Noronha

Lewis Noronha Delba Valleri

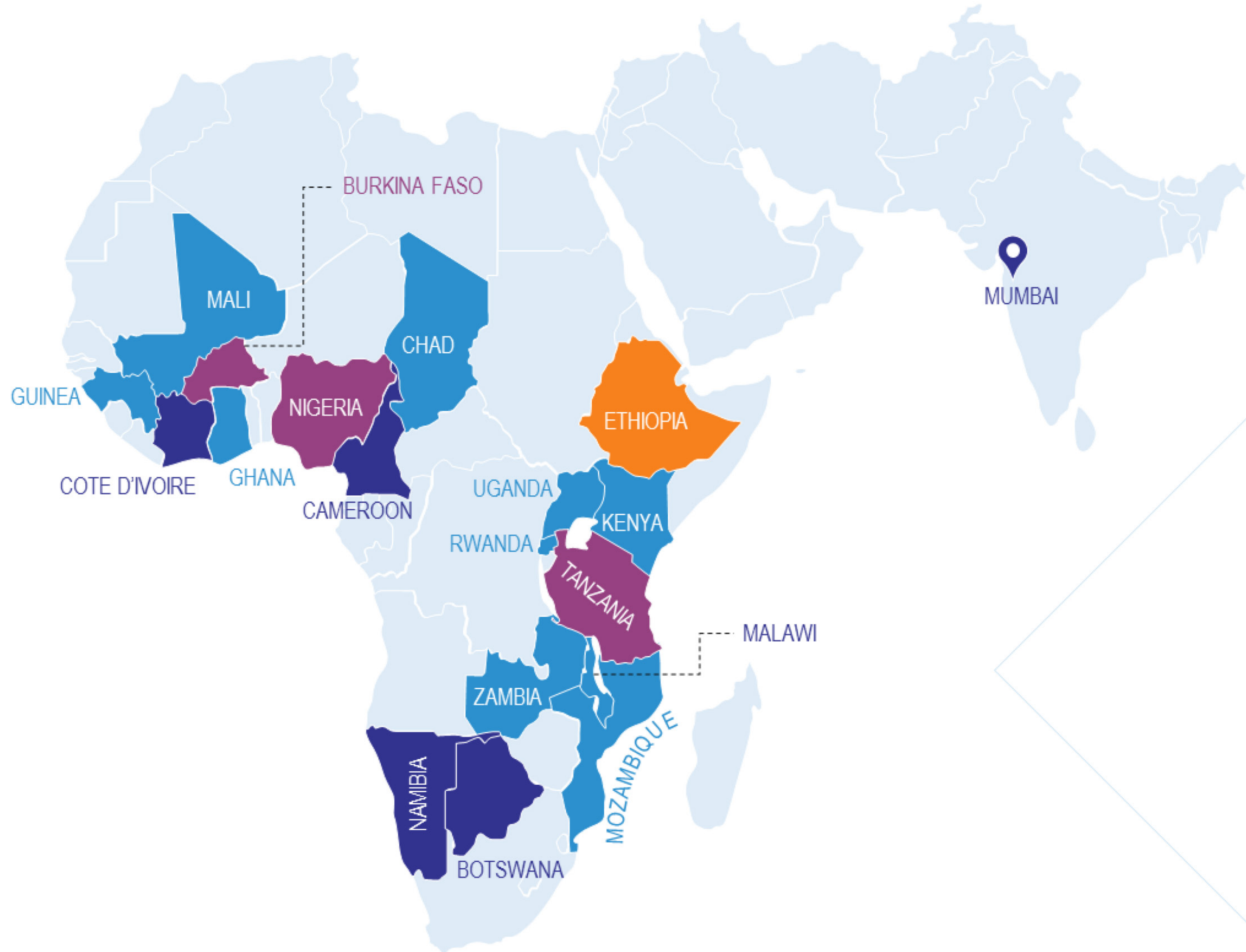
Zion Investments LLC

Avacare Global

Haider Mousa Mohammed Mohammed

## 30 Events occuring after the reporting period

The Company entered into an agreement to sell 49% of its stake in Africure Namibia Pty Limited ("APNL) for a consideration of USD 980,000 vide agreement dated 23-May-18. The Company continues to hold controlling stake in APNL.





## REGISTERED OFFICE

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Ebene, Mauritius


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