

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**Incorporated in the Republic of the Union of Myanmar,**  
**Registration Number 7FC of 2016-2017 (TSEZ)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2018**

Currency – Myanmar Kyat (MMK)

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**Regd. Office :**

Lot No B19, Zone A,  
Thilawa special economic zone,  
Thanlyin Township, Yangon,  
Myanmar.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
ALIDAC HEALTHCARE (MYANMAR) LIMITED**

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the state of affairs of **Alidac Healthcare (Myanmar) Limited** (the Company) as of March 31, 2018 and of its financial performance and its cash flows for the year then ended March 31, 2018. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management



Mr. Sundarraj Rama Subramanian  
Managing Director

May 21, 2018



Madhav Vasant Keer  
Director

May 21, 2018



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# WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

**HEAD OFFICE:-** Room (2B/2C) 1<sup>st</sup> Floor, Rose Condominium, No.182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel : 95-1-201798, 296164, Fax: 9 5-1-245671 Email : [winthin9@myanmar.com.mm](mailto:winthin9@myanmar.com.mm)

**MANDALAY BRANCH:-** Room (9/10), East Wing of Bahtoo Stadium, 70<sup>th</sup> Street (Between 29<sup>th</sup> & 30<sup>th</sup> Street),  
**OFFICE** Mandalay Region , Myanmar. Tel : 95-2-34451, Fax: 95-2-34498

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Ref: 128-A/ A-148/ March 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of Alidac Healthcare (Myanmar) Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Alidac Healthcare (Myanmar) Limited** which comprise the statement of financial position as at March 31, 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Alidac Healthcare (Myanmar) Limited** as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Act.

**Report on Other Legal and Regulatory Requirements**

In accordance with the provisions of the Myanmar Companies Act, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) books of account have been maintained by **Alidac Healthcare (Myanmar) Limited** as required by Section 130 of the Act.



Kyaw Tun Aung (PA - 479)

Partner

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS



May 21, 2018

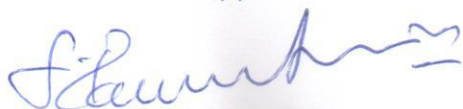
**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**  
 Currency – Myanmar Kyat (MMK)

	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	16,828,113,513	5,619,246,375
Intangible assets	5	3,041,260,858	238,643,633
		<u>19,869,374,371</u>	<u>5,857,890,008</u>
<b>Current assets</b>			
Inventories	6	1,709,469,520	–
Trade and other receivables	7	700,530,243	681,287,681
Cash and cash equivalents	8	1,257,414,232	3,827,827,475
		<u>3,667,413,995</u>	<u>4,509,115,156</u>
<b>Total assets</b>		<u>23,536,788,366</u>	<u>10,367,005,164</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorized capital			
100,000,000 shares of MMK 1,000 each			
Issued and paid-up share capital		9,620,540,000	9,620,540,000
Advance capital		2,872,400,000	–
Retained earnings		(100,983,071)	30,361,422
		<u>12,391,956,929</u>	<u>9,650,901,422</u>
<b>Non-current liabilities</b>			
Loan	9	10,012,500,000	681,000,000
		<u>10,012,500,000</u>	<u>681,000,000</u>
<b>Current liabilities</b>			
Trade and other payables	10	1,132,331,437	35,103,742
		<u>1,132,331,437</u>	<u>35,103,742</u>
<b>Total equity and liabilities</b>		<u>23,536,788,366</u>	<u>10,367,005,164</u>

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

Authenticated by:

(1)



Mr. Sundarraj Rama Subramanian  
 Managing Director

(2)



Madhav Vasant Keer  
 Director

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
 Currency – Myanmar Kyat (MMK)

	Note	2018	For the period from June 17, 2016 to Mach 31, 2017
Revenue		–	–
Cost of sales		–	–
Gross profit/(loss)		–	–
Other income	11	11,815,795	–
Other gains	12	177,949,993	88,270,662
Expenses			
- Distribution and marketing		–	–
- Administrative	13	(321,110,281)	(57,909,240)
- Finance		–	–
(Loss)/Profit before income tax		(131,344,493)	30,361,422
Income tax expense		–	–
<b>(Loss)/Profit for the year/period</b>		<b>(131,344,493)</b>	<b>30,361,422</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year/period</b>		<b>(131,344,493)</b>	<b>30,361,422</b>

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

**Authenticated by:**

(1)

Mr. Sundarraj Rama Subramanian  
 Managing Director

(2)

Madhav Vasant Keer  
 Director

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
 Currency – Myanmar Kyat (MMK)

	Issued and paid-up share capital	Advance capital	Retained earnings	Total
Balance at April 1, 2017	9,620,540,000	–	30,361,422	9,650,901,422
Cash received for advance capital	–	2,872,400,000	–	2,872,400,000
Loss for the year	–	–	(131,344,493)	(131,344,493)
Other comprehensive income for the year	–	–	–	–
<b>Balance at March 31, 2018</b>	<b>9,620,540,000</b>	<b>2,872,400,000</b>	<b>(100,983,071)</b>	<b>12,391,956,929</b>
Balance at beginning of period	–	–	–	–
Issue of shares	9,620,540,000	–	–	9,620,540,000
Profit for the period	–	–	30,361,422	30,361,422
Other comprehensive income for the period	–	–	–	–
<b>Balance at March 31, 2017</b>	<b>9,620,540,000</b>	<b>–</b>	<b>30,361,422</b>	<b>9,650,901,422</b>

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

**Authenticated by:**

(1)



Mr. Sundarraj Rama Subramanian  
 Managing Director

(2)



Madhav Vasant Keer  
 Director



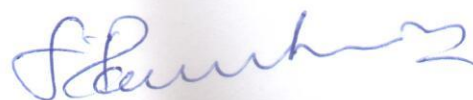
**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
Currency – Myanmar Kyat (MMK)

	Note	2018	For the period from June 17, 2016 to March 31, 2017
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year/period		(131,344,493)	30,361,422
Adjustments for:			
- Depreciation of property, plant and equipment		84,812,235	57,849,221
- Amortization of intangible assets		955,876	60,019
		<u>(45,576,382)</u>	<u>88,270,662</u>
Changes in working capital:			
- Inventories		(1,709,469,520)	-
- Trade and other receivables		(19,242,562)	(681,287,681)
- Trade and other payables		1,097,227,695	35,103,742
Cash used in operations		<u>(677,060,769)</u>	<u>(557,913,277)</u>
Income tax paid		-	-
Net cash used in operating activities		<u>(677,060,769)</u>	<u>(557,913,277)</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(11,293,679,373)	(5,677,095,596)
Additions to intangible assets		(2,803,573,101)	(238,703,652)
Net cash used in investing activities		<u>(14,097,252,474)</u>	<u>(5,915,799,248)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		-	9,620,540,000
Cash received for advance capital		2,872,400,000	-
Proceeds from loan		9,331,500,000	681,000,000
Net cash provided by financing activities		<u>12,203,900,000</u>	<u>10,301,540,000</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,570,413,243)</b>	<b>3,827,827,475</b>
<b>Cash and cash equivalents</b>			
Beginning of year/period		<u>3,827,827,475</u>	-
<b>End of year/period</b>	8	<u><b>1,257,414,232</b></u>	<u><b>3,827,827,475</b></u>

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

**Authenticated by:**

(1)



Mr. Sundarraj Rama Subramanian  
Managing Director

(2)



Madhav Vasant Keer  
Director

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General information**

Alidac Healthcare (Myanmar) Limited (the Company) was incorporated in the Republic of the Union of Myanmar as per Certificate of Incorporation Number 7 FC of 2016-2017 (TSEZ) on June 17, 2016 as 100% foreign company under the Myanmar Special Economic Zone Law of 2014 and The Myanmar Companies Act (MCA) upon obtaining the following Permits:

- Investment Permit No. TSEZ-IP-058-R-1 dated May 20, 2016 issued by Thilawa Special Economic Zone Management Committee under Section 11 (c) of the Myanmar Special Economic Zone Law of 2014;
- Form of Permit No. 7 FC of 2016-2017 (TSEZ) dated June 17, 2016 issued by the Ministry of Planning and Finance in pursuance of Section 27A of MCA.

The principal activities of the Company are the manufacturing and selling of pharmaceutical products.

The address of its registered office is Lot No. B19, Zone A, Thilawa SEZ, Thanlyin Township, Yangon Region, Republic of the Union of Myanmar.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and are based on historical cost convention.

**2.2 Foreign currency translation**

**2.2.1 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Myanmar Kyat (MMK), which is the presentation currency as well as functional currency of the Company.

**2.2.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency (MMK) using market exchange rates prevailing at the time of transactions as per the Central Bank of Myanmar. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2. Summary of significant accounting policies (continued)**

**2.3 Start-up expenses**

As the commercial activity has not yet started, all expenses are treated as Pre Operational Expenses under intangible assets.

**2.4 Property, plant and equipment**

Property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of maintenance and minor repairs are charged to income as incurred. Significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the income statement.

Depreciation on all tangible assets is calculated using the straight-line method to allocate their 95% of total cost over their estimated useful lives as follows:

<u>Description</u>	<u>Useful lives</u>
Factory buildings	30 years
Office building	60 years
Plant and equipment single shift	15 years
Plant and equipment two shift	10 years
Motor vehicles	8 years
Office furniture and fixtures	10 years
Office equipment	3 years
Leasehold land	48 years

**2.5 Intangible assets**

Acquired computer software licenses are initially capitalized at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to profit or loss using the straight-line method over their estimated useful lives of 4 years (25%).

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2. Summary of significant accounting policies (continued)**

**2.6 Inventories**

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) Raw materials, stores & spare parts, packing materials, finished goods, stock-in-trade and works-in-progress are valued at lower of cost and net realizable value.
- b) Cost of raw materials, stores & spare parts, packing materials, finished goods and stock-in-trade is determined on moving average method.
- c) Costs of finished goods and work-in-progress are determined by taking material cost, labour and relevant appropriate overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories to net realizable value is recognized as an expense and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and Cost of Materials Consumed" in the relevant note in the Statement of Profit and Loss.

**2.7 Trade and other receivables**

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**2.8 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and deposits with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Yangon Branch).

**2.9 Share capital**

Ordinary shares are classified as equity.

**2.10 Loans**

Loans are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Loans are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of loan using the effective interest method.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2.11 Borrowing costs**

Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognized as per EIR method. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs that are directly attributable to the acquisition/construction of a qualifying asset are capitalized as part of the cost of such assets, up to the date the assets are ready for their intended use.

**2.12 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**2.13 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognized but are disclosed separately in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognized but are disclosed separately in financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate the risks specific to the liability.

**Provision for Product Expiry Claims**

Provisions for product expiry related costs are recognized when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is revised annually.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2.14 Leases**

**As a lessee**

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalized at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognized as an expense on straight line basis in the statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

**As a lessor**

Lease income from operating leases where the Company is lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**2.15 Employee benefits**

**Short-term obligations**

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Long-term employee benefits obligations**

Leave wages and sick leave

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognized in statement of profit and loss.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**2.15 Employee benefits (continued)**

Defined contribution plans

Gratuity

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service.

They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognized in statement of profit and loss of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss. Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements;
- ii. Net interest expense or income.

Company administered Provident Fund

In case of a specified class of employees, such contributions are deposited to Cadila Healthcare Limited Employees' Provident Fund Trust. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

Defined Contribution Plans - Provident Fund Contribution

Specified class of employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognized as employees benefit expenses when they are due in the statement of profit and loss.

**Employee Separation Costs**

The compensation paid to the employees under Voluntary Retirement Scheme is expensed in the year of payment.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**3. Significant accounting judgments and estimates**

The preparation of the Company's financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.



**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**4. Property, plant and equipment**

	Leasehold land MMK	Capital_ work in progress MMK	Furniture & fitting MMK	Office equipment MMK	Total MMK
<i>Cost</i>					
At April 1, 2017	3,698,967,495	1,975,953,601	—	2,174,500	5,677,095,596
Additions	—	11,223,125,323	7,504,500	63,049,550	11,293,679,373
At March 31, 2018	3,698,967,495	13,199,078,924	7,504,500	65,224,050	16,970,774,969
<i>Accumulated depreciation and impairment losses</i>					
At April 1, 2017	57,796,367	—	—	52,854	57,849,221
Depreciation charge	77,061,823	—	320,354	7,430,058	84,812,235
Impairment losses	—	—	—	—	—
At March 31, 2018	134,858,190	—	320,354	7,482,912	142,661,456
<i>Net book value</i>					
<b>At March 31, 2018</b>	<b>3,564,109,305</b>	<b>13,199,078,924</b>	<b>7,184,146</b>	<b>57,741,138</b>	<b>16,828,113,513</b>
<i>Cost</i>					
At beginning period	—	—	—	—	—
Additions	3,698,967,495	1,975,953,601	—	2,174,500	5,677,095,596
At March 31, 2017	3,698,967,495	1,975,953,601	—	2,174,500	5,677,095,596
<i>Accumulated depreciation and impairment losses</i>					
At beginning period	—	—	—	—	—
Depreciation charge	57,796,367	—	—	52,854	57,849,221
Impairment losses	—	—	—	—	—
At March 31, 2017	57,796,367	—	—	52,854	57,849,221
<i>Net book value</i>					
<b>At March 31, 2017</b>	<b>3,641,171,128</b>	<b>1,975,953,601</b>	<b>—</b>	<b>2,121,646</b>	<b>5,619,246,375</b>

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**5. Intangible assets**

Details are as follows:

	Pre-operational expenses MMK	Computer software license MMK	Total MMK
<i>Cost</i>			
At April 1, 2017	235,822,752	2,880,900	238,703,652
Additions	2,801,058,971	2,514,130	2,803,573,101
At March 31, 2018	<u>3,036,881,723</u>	<u>5,395,030</u>	<u>3,042,276,753</u>
<i>Accumulated amortization and impairment losses</i>			
At April 1, 2017	–	60,019	60,019
Amortization charge	–	955,876	955,876
Impairment loss	–	–	–
At March 31, 2018	<u>–</u>	<u>1,015,895</u>	<u>1,015,895</u>
<b><i>Net book value</i></b>			
<b>At March 31, 2018</b>	<b><u>3,036,881,723</u></b>	<b><u>4,379,135</u></b>	<b><u>3,041,260,858</u></b>
<i>Cost</i>			
At beginning period	–	–	–
Additions	235,822,752	2,880,900	238,703,652
At March 31, 2017	<u>235,822,752</u>	<u>2,880,900</u>	<u>238,703,652</u>
<i>Accumulated amortization and impairment losses</i>			
At beginning period	–	–	–
Amortization charge	–	60,019	60,019
Impairment loss	–	–	–
At March 31, 2017	<u>–</u>	<u>60,019</u>	<u>60,019</u>
<b><i>Net book value</i></b>			
<b>At March 31, 2017</b>	<b><u>235,822,752</u></b>	<b><u>2,820,881</u></b>	<b><u>238,643,633</u></b>

**6. Inventories**

	<b>2018</b> <b>MMK</b>	<b>2017</b> <b>MMK</b>
Raw materials	<b>1,593,472,160</b>	–
Packing materials	<b>115,997,360</b>	–
	<b><u>1,709,469,520</u></b>	<b><u>–</u></b>

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**7. Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>MMK</b>	<b>MMK</b>
Deposits	<b>31,952,050</b>	3,268,799
Advance payments to suppliers	<b>539,279,266</b>	658,115,976
Advance payments to employees	<b>48,270,568</b>	19,902,906
Advance commercial tax	<b>81,028,359</b>	-
	<b>700,530,243</b>	<b>681,287,681</b>

**8. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>MMK</b>	<b>MMK</b>
Cash at bank	<b>1,235,341,561</b>	3,824,908,405
Cash in hand	<b>22,072,671</b>	2,919,070
	<b>1,257,414,232</b>	<b>3,827,827,475</b>

**9. Loan**

	<b>2018</b>	<b>2017</b>
	<b>MMK</b>	<b>MMK</b>
At beginning of year/period	<b>681,000,000</b>	-
Additions	<b>9,331,500,000</b>	681,000,000
	<b>10,012,500,000</b>	681,000,000
Repayments	-	-
At end of year/period	<b>10,012,500,000</b>	<b>681,000,000</b>

The Company has entered into a long-term agreement of USD 7.5 million from The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Yangon Branch).

The security document(s) is Letter of Guarantee from Cadila Healthcare Ltd. (the "Guarantor").

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**10. Trade and other payables**

	<b>2018</b>	2017
	<b>MMK</b>	MMK
Sundry creditors	<b>911,941,049</b>	4,814,126
Retention from vendors	<b>96,115,752</b>	20,595,100
Payable to Government	<b>25,116,348</b>	7,120,336
Payable to employees	<b>38,301,493</b>	-
Provisions	<b>60,856,795</b>	2,574,180
	<b><u>1,132,331,437</u></b>	<u>35,103,742</u>

**11. Other income**

	<b>2018</b>	2017
	<b>MMK</b>	MMK
Sale of scarp	<b>7,900,000</b>	-
Interest received	<b>3,915,795</b>	-
	<b><u>11,815,795</u></b>	<u>-</u>

**12. Other gains**

The above represent foreign exchange gains amounting to MMK 177,949,993 (2016: MMK 88,270,662).

**13. Administrative expenses**

	<b>2018</b>	2017
	<b>MMK</b>	MMK
Validation batch expenses	<b>235,342,170</b>	-
Depreciation (Refer Note 4)	<b>84,812,235</b>	57,849,221
Amortization (Refer Note 5)	<b>955,876</b>	60,019
	<b><u>321,110,281</u></b>	<u>57,909,240</u>

**14. Capital management**

For the purpose of the Company's capital management, capital includes issued capital, all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maintain a sufficient liquidity in order to support its business and maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if any. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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**15. Financial risk management**

The Company's activities expose it to market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimize potential adverse effects from the unpredictability of financial market on the financial performance of the Company. These policies and procedures are formulated, approved and regularly reviewed by the Board of Directors ("the Board").

The Board is responsible for setting the objective and underlying principles of financial risk management and providing an oversight of the entire risk management system of the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Board.

**(a) Market risk**

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate. The Company is not exposed to interest rate risk.

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign currency rates. The Company's exposure to the risk of change in foreign currency rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

As at March 31, 2018, the Company's exposure to foreign currency risk is insignificant.

**(b) Credit risk**

The Company performs ongoing credit evaluations of its customers. Allowance for doubtful debts / receivables on uncollectible trade receivables has been made based on the expected collectability of outstanding trade receivables at the statement of financial position date.

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as stated in the statement of financial position.

**(c) Liquidity risk**

The Company's objective is to maintain a level of cash and bank balances deemed sufficient to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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**15. Financial risk management (continued)**

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2018			2017		
	1 year or less MMK	3 years or less MMK	Total MMK	1 year or less MMK	3 years or less MMK	Total MMK
Financial assets:						
Trade and other receivables	31,952,050	-	31,952,050	3,268,799	-	3,268,799
Cash and cash equivalents	1,257,414,231	-	1,257,414,231	3,827,827,475	-	3,827,827,475
Total undiscounted financial assets	1,289,366,281	-	1,289,366,281	3,831,096,274	-	3,831,096,274
Financial liabilities:						
Loan	-	(10,012,500,000)	(10,012,500,000)	-	(681,000,000)	(681,000,000)
Trade and other payables	(1,132,331,437)	-	(1,132,331,437)	(35,103,742)	-	(35,103,742)
Total undiscounted financial liabilities	(1,132,331,437)	(10,012,500,000)	(11,144,831,437)	(35,103,742)	(681,000,000)	(716,103,742)
<b>Total net undiscounted financial liabilities</b>	<b>157,034,844</b>	<b>(10,012,500,000)</b>	<b>(9,855,465,156)</b>	<b>3,795,992,532</b>	<b>(681,000,000)</b>	<b>3,114,992,532</b>

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**16. Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

*(a) Purchase of goods and services*

	<b>2018</b>	2017
	<b>MMK</b>	MMK
Purchase of property, plant and equipment from affiliate company	<b>211,233,664</b>	-
Guarantee fees paid to affiliate company	<b>105,162,894</b>	31,444,305

Outstanding balances at March 31, 2018, arising from purchase of goods and services are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Note 10.

*(b) Key management personnel compensation*

	<b>2018</b>	2017
	<b>MMK</b>	MMK
Salaries	<b>82,566,616</b>	16,660,790

**17. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**18. Authorization of financial statements**

The financial statements of the Company for the year ended March 31, 2018 were authorized for issue on May 21, 2018.