

ALIDAC HEALTHCARE (MYANMAR) LIMITED
Incorporated in the Republic of the Union of Myanmar,
Registration Number 148900353

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Currency – Myanmar Kyat (MMK)

**ALIDAC HEALTHCARE (MYANMAR) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

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Regd. Office :

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

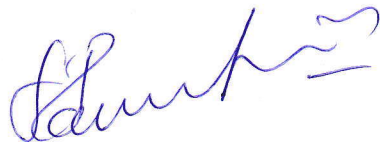
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
ALIDAC HEALTHCARE (MYANMAR) LIMITED**

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 September 30, 2019 and of its financial performance and its cash flows for the period then ended on that date. 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

December 24, 2019



Madhav Vasant Keer
Director

December 24, 2019



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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 1082(a)/A-148/September 2019

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 September 30, 2019, and the statements of comprehensive income, changes in equity and cash flows for the period 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 Law. 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 September 30, 2019, 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 Law.

Report on Other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations we have required; and
- (ii) financial records have been maintained by **Alidac Healthcare (Myanmar) Limited** as required by Section 258 of the Law.



Kyaw Tun Aung (PPA - 479)
Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



December 24, 2019

ALIDAC HEALTHCARE (MYANMAR) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Note	Sept' 2019 MMK	Mar' 2019 MMK
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,618,123,086	3,693,333,761
Capital work in progress	5	17,612,249,430	17,006,730,653
Intangible assets	6	100,755,329	116,506,860
		<u>21,331,127,845</u>	<u>20,816,571,274</u>
Current assets			
Inventories	7	1,725,737,308	1,802,003,541
Other receivables	8	581,969,576	684,903,622
Cash and cash equivalents	9	39,106,710	674,978,452
		<u>2,346,813,594</u>	<u>3,161,885,615</u>
Total assets		<u>23,677,941,439</u>	<u>23,978,456,889</u>
EQUITY AND LIABILITIES			
Equity			
Paid-up capital		22,480,180,000	18,440,190,000
Advance capital		1,229,440,000	2,602,980,000
Retained earnings		(11,950,147,774)	(8,849,230,517)
		<u>11,759,472,226</u>	<u>12,193,939,483</u>
Non-current liabilities			
Loan	10	5,119,336,000	10,604,300,000
		<u>5,119,336,000</u>	<u>10,604,300,000</u>
Current liabilities			
Loan	10	6,341,864,000	757,450,000
Trade and other payables	11	457,269,213	422,767,406
		<u>6,799,133,213</u>	<u>1,180,217,406</u>
Total equity and liabilities		<u>23,677,941,439</u>	<u>23,978,456,889</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 PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Sept' 2019 MMK	Mar' 2019 MMK
Revenue		-	-
Cost of sales		-	-
Gross profit/(loss)		-	-
Other income	12	1,500,000	1,800,000
Other losses	13	(104,016,045)	(1,332,338,553)
Expenses			
- Distribution and marketing		-	-
- Administrative	14	(2,998,401,212)	(7,417,708,893)
- Finance		-	-
Loss before income tax		(3,100,917,257)	(8,748,247,446)
Income tax expense	15	-	-
Loss for the period/year		(3,100,917,257)	(8,748,247,446)
Other comprehensive income		-	-
Total comprehensive income for the period/year		(3,100,917,257)	(8,748,247,446)

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 PERIOD ENDED SEPTEMBER 30, 2019

	Paid-up capital MMK	Advance capital MMK	Retained earnings MMK	Total MMK
Balance at April 1, 2019	18,440,190,000	2,602,980,000	(8,849,230,517)	12,193,939,483
Cash received for advance capital	-	2,666,450,000	-	2,666,450,000
Transfer from advance capital	4,039,990,000	-	-	4,039,990,000
Transfer to paid-up capital	-	(4,039,990,000)	-	(4,039,990,000)
Loss for the period	-	-	(3,100,917,257)	(3,100,917,257)
Other comprehensive income for the period	-	-	-	-
Balance at September 30, 2019	22,480,180,000	1,229,440,000	(11,950,147,774)	11,759,472,226
Balance at April 1, 2018	9,620,540,000	2,872,400,000	(100,983,071)	12,391,956,929
Cash received for advance capital	-	8,550,230,000	-	8,550,230,000
Transfer from advance capital	8,819,650,000	-	-	8,819,650,000
Transfer to paid-up capital	-	(8,819,650,000)	-	(8,819,650,000)
Loss for the year	-	-	(8,748,247,446)	(8,748,247,446)
Other comprehensive income for the year	-	-	-	-
Balance at March 31, 2019	18,440,190,000	2,602,980,000	(8,849,230,517)	12,193,939,483

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

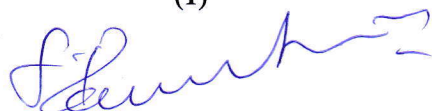
ALIDAC HEALTHCARE (MYANMAR) LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	Sept' 2019 MMK	Mar' 2019 MMK
Cash flows from operating activities			
Loss for the period/year		(3,100,917,257)	(8,748,247,446)
Adjustments for:			
- Depreciation of property, plant and equipment	4	80,067,875	131,822,818
- Amortization of intangible assets	6	16,508,081	12,902,702
- Unrealized exchange losses on loan	10	99,450,000	1,349,250,000
		<u>(2,904,891,301)</u>	<u>(7,254,271,926)</u>
Changes in working capital:			
- Inventories		76,266,233	(92,534,021)
- Other receivables		102,934,046	15,626,621
- Trade and other payables		34,501,807	(709,564,031)
Cash used in operations		<u>(2,691,189,215)</u>	<u>(8,040,743,357)</u>
Income tax paid		-	-
Net cash used in operating activities		<u>(2,691,189,215)</u>	<u>(8,040,743,357)</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(4,857,200)	(196,121,990)
Additions to capital work in progress		(605,518,777)	(888,355,565)
Additions to intangible assets		(756,550)	(7,444,868)
Net cash used in financing activities		<u>(611,132,527)</u>	<u>(1,091,922,423)</u>
Cash flows from financing activities			
Cash received for advance capital		<u>2,666,450,000</u>	<u>8,550,230,000</u>
Net cash provided by financing activities		<u>2,666,450,000</u>	<u>8,550,230,000</u>
Net decrease in cash and cash equivalents		(635,871,742)	(582,435,780)
Cash and cash equivalents			
Beginning of period/year		<u>674,978,452</u>	<u>1,257,414,232</u>
End of period/year	9	<u>39,106,710</u>	<u>674,978,452</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 PERIOD ENDED SEPTEMBER 30, 2019**

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 renewed Certificate of Incorporation Number 148900353 {Former Registration No. 7FC 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 Law upon obtaining 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.

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. In preparing these financial statements, certain reclassifications and rearrangements have been made for the year ended March 31, 2019 financial statements to conform to the classifications used for the period ended September 30, 2019.

2.2 Change in reporting period

During the period ended September 30, 2019, the Company changed its financial year-end from March (i.e. former financial year-end) to September (i.e. current financial year-end). Accordingly, the financial statements presented are as at and for the six months ended September 30, 2019 and the twelve months ended March 31, 2019. As a result, the comparative figures presented in statements of comprehensive income, changes in equity and cash flows and the related notes are not comparable.

The change in financial year was due to change of financial year enacted by the Myanmar government.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation

2.3.1 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.

2.3.2 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.

2.4 Start-up expenses

As the commercial activity has not yet started, all expenses are treated as Pre Operational Expenses under capital_work in progress.

2.5 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

ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

2. Summary of significant accounting policies (continued)

2.6 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%).

2.7 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.

2.8 Other receivables

If collection of 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.

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

2.9 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 MUFG Bank Ltd. and Cooperative Bank (CB Bank) both (Yangon Branch).

ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

2. Summary of significant accounting policies (continued)

2.10 Paid-up capital

Ordinary shares are classified as equity.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

2. Summary of significant accounting policies (continued)

2.15 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.

2.16 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.

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 PERIOD ENDED SEPTEMBER 30, 2019

4. Property, plant and equipment

	Leasehold land MMK	Furniture & fitting MMK	Office equipment MMK	Total MMK
<i>Cost</i>				
At April 1, 2019	3,698,967,495	11,650,500	257,200,040	3,967,818,035
Additions	-	1,155,000	3,702,200	4,857,200
At September 30, 2019	3,698,967,495	12,805,500	260,902,240	3,972,675,235
<i>Accumulated depreciation and impairment losses</i>				
At April 1, 2019	(211,920,013)	(1,285,944)	(61,278,317)	(274,484,274)
Depreciation charge	(38,530,911)	(569,720)	(40,967,244)	(80,067,875)
At September 30, 2019	(250,450,924)	(1,855,664)	(102,245,561)	(354,552,149)
<i>Net book value</i>				
At September 30, 2019	3,448,516,571	10,949,836	158,656,679	3,618,123,086
<i>Cost</i>				
At April 1, 2018	3,698,967,495	7,504,500	65,224,050	3,771,696,045
Additions	-	4,146,000	191,975,990	196,121,990
At March 31, 2019	3,698,967,495	11,650,500	257,200,040	3,967,818,035
<i>Accumulated depreciation and impairment losses</i>				
At April 1, 2018	(134,858,190)	(320,354)	(7,482,912)	(142,661,456)
Depreciation charge	(77,061,823)	(965,590)	(53,795,405)	(131,822,818)
At March 31, 2019	(211,920,013)	(1,285,944)	(61,278,317)	(274,484,274)
<i>Net book value</i>				
At March 31, 2019	3,487,047,482	10,364,556	195,921,723	3,693,333,761

ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

5. Capital work in progress

	Pre-operational expenses MMK	Property, plant and equipment MMK	Total MMK
<i>Cost</i>			
At April 1, 2019	3,485,774,437	13,520,956,216	17,006,730,653
Additions	*283,288,762	328,200,421	611,489,183
Transfer to cost of materials consumed	(5,970,406)	—	(5,970,406)
At September 30, 2019	<u>3,763,092,793</u>	<u>13,849,156,637</u>	<u>17,612,249,430</u>
<i>Accumulated amortization and impairment losses</i>			
At April 1, 2019	—	—	—
Amortization charge	—	—	—
At September 30, 2019	<u>—</u>	<u>—</u>	<u>—</u>
<i>Net book value</i>			
At September 30, 2019	<u>3,763,092,793</u>	<u>13,849,156,637</u>	<u>17,612,249,430</u>
<i>Cost</i>			
At April 1, 2018	3,036,881,723	13,199,078,924	16,235,960,647
Additions	*1,447,685,113	825,173,619	2,272,858,732
Transfer to intangible assets	—	(117,585,559)	(117,585,559)
Transfer to administrative expenses	(998,792,399)	(385,710,768)	(1,384,503,167)
At March 31, 2019	<u>3,485,774,437</u>	<u>13,520,956,216</u>	<u>17,006,730,653</u>
<i>Accumulated amortization and impairment losses</i>			
At April 1, 2018	—	—	—
Amortization charge	—	—	—
At March 31, 2019	<u>—</u>	<u>—</u>	<u>—</u>
<i>Net book value</i>			
At March 31, 2019	<u>3,485,774,437</u>	<u>13,520,956,216</u>	<u>17,006,730,653</u>

* The details of additions for pre-operational expenses are as follows:

	Sept' 2019 MMK	Mar' 2019 MMK
Admin expenses	—	998,792,395
Interest on borrowing and bank guarantee charges	251,228,962	429,573,509
Other expenses	32,059,800	19,319,209
	<u>283,288,762</u>	<u>1,447,685,113</u>

ALIDAC HEALTHCARE (MYANMAR) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

6. Intangible assets

Computer software license

	Sept' 2019 MMK	Mar' 2019 MMK
<i>Cost</i>		
At beginning of period/year	130,425,457	5,395,030
Additions	756,550	7,444,868
Transfer from capital work in progress	-	117,585,559
At end of period/year	<u>131,182,007</u>	<u>130,425,457</u>
<i>Accumulated amortization and impairment losses</i>		
At beginning of period/year	(13,918,597)	(1,015,895)
Amortization	(16,508,081)	(12,902,702)
At end of period/year	<u>(30,426,678)</u>	<u>(13,918,597)</u>
<i>Net book value</i>		
At end of period/year	<u>100,755,329</u>	<u>116,506,860</u>

7. Inventories

	Sept' 2019 MMK	Mar' 2019 MMK
Raw materials	1,539,907,132	1,620,363,821
Packing materials	185,830,176	181,639,720
	<u>1,725,737,308</u>	<u>1,802,003,541</u>

8. Other receivables

	Sept' 2019 MMK	Mar' 2019 MMK
Deposits	12,007,500	13,143,675
Advance payments to suppliers	357,314,251	410,271,210
Advance payments to employees	38,842,844	62,121,267
Advance commercial tax	165,980,725	158,179,239
Prepayments	7,824,256	41,188,231
	<u>581,969,576</u>	<u>684,903,622</u>

9. Cash and cash equivalents

	Sept' 2019 MMK	Mar' 2019 MMK
Cash at banks	30,506,330	657,341,861
Cash in hand	8,600,380	17,636,591
	<u>39,106,710</u>	<u>674,978,452</u>

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10. Loan

	Sept' 2019 MMK	Mar' 2019 MMK
At beginning of period/year	11,361,750,000	10,012,500,000
Additions	-	-
Exchange loss	99,450,000	1,349,250,000
	<u>11,461,200,000</u>	<u>11,361,750,000</u>
Repayments	-	-
At end of period/year	<u>11,461,200,000</u>	<u>11,361,750,000</u>

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"). The maturity of loan is as follows:

	Sept' 2019 MMK	Mar' 2019 MMK
Current portion	6,341,864,000	757,450,000
Over 1 year	5,119,336,000	10,604,300,000
	<u>11,461,200,000</u>	<u>11,361,750,000</u>

11. Trade and other payables

	Sept' 2019 MMK	Mar' 2019 MMK
Sundry creditors	269,303,755	235,623,229
Payable to Government	2,463,511	21,995,761
Payable to employees	101,676,501	66,694,009
Provisions	83,825,446	98,454,407
	<u>457,269,213</u>	<u>422,767,406</u>

12. Other income

The above represent income from sale of scarp amounting to MMK 1,500,000 (Mar' 2019: MMK 1,800,000).

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13. Other losses

The above represent foreign exchange losses amounting to MMK 104,016,045 (Mar' 2019: MMK 1,332,338,553).

14. Administrative expenses

	Sept' 2019 MMK	Mar' 2019 MMK
Cost of materials consumed	287,627,635	-
Validation batch expenses	2,122,609,282	6,274,190,973
Other administrative expenses	487,112,139	998,792,400
Other expenses	4,476,200	-
Depreciation (Refer Note 4)	80,067,875	131,822,818
Amortization (Refer Note 6)	16,508,081	12,902,702
	<u>2,998,401,212</u>	<u>7,417,708,893</u>

15. Income tax expense

Provision for income tax on profit for the year was not made by the Company as the Company has been granted income tax exemption for a period of five consecutive years including the year of commencement on commercial operation; as per Section 32 (b) of the Myanmar Special Economic Zone Law, 2014.

16. 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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17. 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 September 30, 2019, the Company's exposure to foreign currency risk is insignificant.

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17. Financial risk management (continued)

(b) Credit risk

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.

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

	Sept' 2019		Mar' 2019	
	<u>1 year or less</u> MMK	<u>3 years or less</u> MMK	<u>1 year or less</u> MMK	<u>3 years or less</u> MMK
Financial liabilities:				
Loan	(6,341,864,000)	(5,119,336,000)	(757,450,000)	(10,604,300,000)
Trade and other payables	(457,269,213)	—	(422,767,406)	—
Total net undiscounted financial liabilities	(6,799,133,213)	(5,119,336,000)	(1,180,217,406)	(10,604,300,000)
				(11,784,517,406)
				Total
				MMK

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18. 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

	Sept' 2019	Mar' 2019
	MMK	MMK
Purchase of property, plant and equipment from affiliate company	-	342,241,735
Guarantee fees paid to affiliate company	59,278,300	117,850,525

Outstanding balances at September 30, 2019, arising from purchase of goods and services are unsecured and payable within 12 months from balance sheet date and are disclosed in Note 11.

(b) Key management personnel compensation

	Sept' 2019	Mar' 2019
	MMK	MMK
Salaries and allowances	49,722,409	78,958,951

19. Authorization of financial statements

The financial statements of the Company for the period ended September 30, 2019 were authorized for issue on December 24, 2019.