

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Currency – Myanmar Kyat (MMK)

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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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, 2020 and of its financial performance and its cash flows for the year then ended. 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  
Alidac Healthcare (Myanmar) Limited.

February 15, 2021

February 15, 2021



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# WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 144(a)/A-148/September 2020

## 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, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year 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, 2020, 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 (PAPP - 479)  
Partner  
WIN THIN & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS



February 15, 2021

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

	Notes	Sep' 2020 MMK	Sep' 2019 MMK
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3,466,845,281	3,618,123,086
Capital work in progress	5	18,216,606,366	17,612,249,430
Intangible assets	6	68,133,204	100,755,329
		<u>21,751,584,851</u>	<u>21,331,127,845</u>
<b>Current assets</b>			
Inventories	7	2,841,387,837	1,725,737,308
Other current assets	8	577,305,211	581,969,576
Cash and cash equivalents	9	164,144,566	39,106,710
		<u>3,582,837,614</u>	<u>2,346,813,594</u>
<b>Total assets</b>		<u><b>25,334,422,465</b></u>	<u><b>23,677,941,439</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-up capital		35,493,541,000	22,480,180,000
Advance capital		—	1,229,440,000
Retained earnings		(14,899,945,593)	(11,950,147,774)
		<u>20,593,595,407</u>	<u>11,759,472,226</u>
<b>Non-current liabilities</b>			
Borrowing	10	—	5,119,336,000
		<u>—</u>	<u>5,119,336,000</u>
<b>Current liabilities</b>			
Borrowing	10	4,120,500,000	6,341,864,000
Trade and other payables	11	620,327,058	457,269,213
		<u>4,740,827,058</u>	<u>6,799,133,213</u>
<b>Total equity and liabilities</b>		<u><b>25,334,422,465</b></u>	<u><b>23,677,941,439</b></u>

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

**Authenticated by:**

(1)

(2)

Mr. Sundarraj Rama Subramanian  
Managing Director  
Alidac Healthcare (Myanmar) Limited.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Notes	For the year ended September 30, 2020 MMK	For six-month period ended September 30, 2019 MMK
Revenue		—	—
Cost of sales		—	—
Gross profit/(loss)		—	—
Other income	12	999,000	1,500,000
Other gains/(losses)	13	1,580,596,402	(104,016,045)
Expenses			
- Distribution and marketing		—	—
- Administrative	14	(4,531,393,221)	(2,998,401,212)
- Finance		—	—
Loss before income tax		(2,949,797,819)	(3,100,917,257)
Income tax expense	15	—	—
<b>Loss for the year/period</b>		<b>(2,949,797,819)</b>	<b>(3,100,917,257)</b>
Other comprehensive income		—	—
<b>Total comprehensive income for the year/period</b>		<b>(2,949,797,819)</b>	<b>(3,100,917,257)</b>

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

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Paid-up capital MMK	Advance capital MMK	Retained earnings MMK	Total MMK
Balance at October 1, 2019	22,480,180,000	1,229,440,000	(11,950,147,774)	11,759,472,226
Issue of shares	11,783,921,000	-	-	11,783,921,000
Transfer from advance capital/(Transfer to paid-up capital)	1,229,440,000	(1,229,440,000)	-	-
Loss for the year	-	-	(2,949,797,819)	(2,949,797,819)
Other comprehensive income for the year	-	-	-	-
<b>Balance at September 30, 2020</b>	<b>35,493,541,000</b>	<b>-</b>	<b>(14,899,945,593)</b>	<b>20,593,595,407</b>
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/(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	-	-	-	-
<b>Balance at September 30, 2019</b>	<b>22,480,180,000</b>	<b>1,229,440,000</b>	<b>(11,950,147,774)</b>	<b>11,759,472,226</b>

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



**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Notes	For the year ended September 30, 2020 MMK	For six-month period ended September 30, 2019 MMK
<b>Cash flows from operating activities</b>			
Loss for the year/period		(2,949,797,819)	(3,100,917,257)
Adjustments for:			
- Depreciation of property, plant and equipment	4	157,575,407	80,067,875
- Amortization of intangible assets	6	32,622,125	16,508,081
- Unrealized exchange losses on loan	10	(1,657,530,000)	99,450,000
		(4,417,130,287)	(2,904,891,301)
Changes in working capital:			
- Inventories		(1,115,650,529)	76,266,233
- Other current assets		4,664,365	102,934,046
- Trade and other payables		163,057,845	34,501,807
Cash used in operations		(5,365,058,606)	(2,691,189,215)
Income tax paid		-	-
Net cash used in operating activities		(5,365,058,606)	(2,691,189,215)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(6,297,602)	(4,857,200)
Additions to capital work in progress		(604,356,936)	(605,518,777)
Additions to intangible assets		-	(756,550)
Net cash used in investing activities		(610,654,538)	(611,132,527)
<b>Cash flows from financing activities</b>			
Cash received for advance capital		-	2,666,450,000
Proceeds from issues of shares		11,783,921,000	-
Repayment of borrowing		(5,683,170,000)	-
Net cash provided by financing activities		6,100,751,000	2,666,450,000
Net increase/(decrease) in cash and cash equivalents		125,037,856	(635,871,742)
<b>Cash and cash equivalents</b>			
Beginning of year/period		39,106,710	674,978,452
End of year/period	9	164,144,566	39,106,710

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

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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 September 30, 2019 financial statements to conform to the classifications used for the year ended September 30, 2020.

**2.2 Change in reporting period**

The Company changed its financial year end to September since last mini-budget year (i.e. from April 1, 2019 to September 30, 2019). Accordingly, the financial statements presented are as at and for the year ended September 30, 2020 and the six-month period ended September 30, 2019. As a result, the comparative figures presented in the statements of comprehensive income, changes in equity and cash flows and the related notes are not comparable.

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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>
Furniture and fitting	10 years
Office equipment	3 years
Motor vehicles	8 years
Leasehold land	48 years
Factory buildings	30 years
Office building	60 years
Plant and equipment single shift	15 years
Plant and equipment two shift	10 years



**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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 and 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 any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end.

**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 Bank.



**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**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 YEAR ENDED SEPTEMBER 30, 2020**

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

**2.15 Revenue recognition**

The Company recognizes other income when there is no significant uncertainty as to its determination or realization exists.

**2.16 Leases**

**As a lessee**

The determination of whether an arrangement is 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.

**2.17 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 YEAR ENDED SEPTEMBER 30, 2020**

**4. Property, plant and equipment**

	Leasehold land MMK	Furniture and fitting MMK	Office equipment MMK	Total MMK
<i>Cost</i>				
At October 1, 2019	3,698,967,495	12,805,500	260,902,240	3,972,675,235
Additions	—	1,993,000	4,304,602	6,297,602
At September 30, 2020	3,698,967,495	14,798,500	265,206,842	3,978,972,837
<i>Accumulated depreciation and impairment losses</i>				
At October 1, 2019	(250,450,924)	(1,855,664)	(102,245,561)	(354,552,149)
Depreciation charge	(75,520,586)	(1,262,603)	(80,792,218)	(157,575,407)
At September 30, 2020	(325,971,510)	(3,118,267)	(183,037,779)	(512,127,556)
<i>Net book value</i>				
At September 30, 2020	3,372,995,985	11,680,233	82,169,063	3,466,845,281
<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

**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**5. Capital work in progress**

	Pre-operational expenses MMK	Property, plant and equipment MMK	Total MMK
<i>Cost</i>			
At October 1, 2019	3,763,092,793	13,849,156,637	17,612,249,430
Additions	*307,756,393	298,676,183	606,432,576
Transfer to cost of materials consumed	(2,075,640)	—	(2,075,640)
At September 30, 2020	<u>4,068,773,546</u>	<u>14,147,832,820</u>	<u>18,216,606,366</u>
<i>Accumulated amortization and impairment losses</i>			
At October 1, 2019	—	—	—
Amortization charge	—	—	—
At September 30, 2020	<u>—</u>	<u>—</u>	<u>—</u>
<i>Net book value</i>			
At September 30, 2020	<u>4,068,773,546</u>	<u>14,147,832,820</u>	<u>18,216,606,366</u>
<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)
As 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>

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

	Sep' 2020 MMK	Sep' 2019 MMK
Interest on borrowing and bank guarantee charges	206,457,094	251,228,962
Other expenses	<u>101,299,299</u>	<u>32,059,800</u>
	<u>307,756,393</u>	<u>283,288,762</u>



**ALIDAC HEALTHCARE (MYANMAR) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**6. Intangible assets**

Computer software license

	Sep' 2020 MMK	Sep' 2019 MMK
<i>Cost</i>		
At beginning of year/period	131,182,007	130,425,457
Additions	—	756,550
At end of year/period	131,182,007	131,182,007
<i>Accumulated amortization and impairment losses</i>		
At beginning of year/period	(30,426,678)	(13,918,597)
Amortization	(32,622,125)	(16,508,081)
At end of year/period	(63,048,803)	(30,426,678)
<i>Net book value</i>		
At end of year/period	68,133,204	100,755,329

**7. Inventories**

	Sep' 2020 MMK	Sep' 2019 MMK
Finished goods	709,842,840	—
Work in progress	103,707,136	—
Raw materials	1,785,789,226	1,539,907,132
Packing materials	242,048,635	185,830,176
	2,841,387,837	1,725,737,308

**8. Other current assets**

	Sep' 2020 MMK	Sep' 2019 MMK
Deposits	40,007,500	12,007,500
Advance payments to suppliers	291,774,200	357,314,251
Advance payments to employees	22,943,578	38,842,844
Advance commercial tax	191,490,993	165,980,725
Prepayments	31,088,940	7,824,256
	577,305,211	581,969,576

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**9. Cash and cash equivalents**

	Sep' 2020 MMK	Sep' 2019 MMK
Cash at banks	141,224,551	30,506,330
Cash in hand	22,920,015	8,600,380
	<u>164,144,566</u>	<u>39,106,710</u>

**10. Borrowing**

	Sep' 2020 MMK	Sep' 2019 MMK
At beginning of year/period	11,461,200,000	11,361,750,000
Additions	—	—
Exchange (gains)/loss	(1,657,530,000)	99,450,000
	<u>9,803,670,000</u>	<u>11,461,200,000</u>
Repayments	(5,683,170,000)	—
At end of year/period	<u>4,120,500,000</u>	<u>11,461,200,000</u>

The Company has entered into a long-term agreement of USD 7.5 million from Bank.

The security document(s) is Letter of Guarantee from Cadila Healthcare Ltd. (the "Guarantor").  
The maturity of loan is as follows:

	Sep' 2020 MMK	Sep' 2019 MMK
Current portion	4,120,500,000	6,341,864,000
Over 1 year	—	5,119,336,000
	<u>4,120,500,000</u>	<u>11,461,200,000</u>

**11. Trade and other payables**

	Sep' 2020 MMK	Sep' 2019 MMK
Sundry creditors	498,000,295	269,303,755
Payable to Government	10,220,490	2,463,511
Payable to employees	95,983,473	101,676,501
Provisions	16,122,800	83,825,446
	<u>620,327,058</u>	<u>457,269,213</u>

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**12. Other income**

The above represent income from sale of scarp amounting to **MMK 999,000** (2019: MMK 1,500,000).

**13. Other gains/(losses)**

The above represent foreign exchange gains amounting to **MMK 1,580,596,402** {2019: (Losses): MMK (104,016,045)}.

**14. Administrative expenses**

	Sep' 2020 MMK	Sep' 2019 MMK
Cost of materials consumed	649,839,344	287,627,635
Validation batch expenses	2,572,179,339	2,122,609,282
Other administrative expenses	990,546,468	487,112,139
Other expenses	128,630,538	4,476,200
Depreciation (Refer Note 4)	157,575,407	80,067,875
Amortization (Refer Note 6)	32,622,125	16,508,081
	<b>4,531,393,221</b>	<b>2,998,401,212</b>

**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, 2020 and 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.

	Sep' 2020			Sep' 2019		
	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 liabilities:						
Borrowing	4,120,500,000	-	4,120,500,000	6,341,864,000	5,119,336,000	11,461,200,000
Trade and other payables	620,327,058	-	620,327,058	457,269,213	-	457,269,213
<b>Total net undiscounted financial liabilities</b>	<b>4,740,827,058</b>	<b>-</b>	<b>4,740,827,058</b>	<b>6,799,133,213</b>	<b>5,119,336,000</b>	<b>11,918,469,213</b>

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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 (Cadila Healthcare Ltd)*

	<b>Sep' 2020 MMK</b>	<b>Sep' 2019 MMK</b>
Purchase of raw materials from affiliate company	<b>134,561,924</b>	—
Guarantee fees paid to affiliate company	<b>138,262,399</b>	59,278,300

Outstanding balances at September 30, 2020, 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*

	<b>Sep' 2020 MMK</b>	<b>Sep' 2019 MMK</b>
Salaries and allowances	<b>72,573,713</b>	49,722,409

**19. Authorization of financial statements**

The financial statements of the Company for the year ended September 30, 2020 were authorized for issue on February 15, 2021.